No. 30,593

Tuesday July 19 1988

BRAZIL'S DEBT Nobrega faces the creditors

Page 18



Companies and markets

Today the FT introduces a redesigned front page for the second section of the paper, incorporating several new services. The page includes major international corporate news, a daily feature stricle, and a round-up of chief share price changes in the leading world centres. The new page also includes an index of companies covered in the companies covered in the section and a detailed

Moscow rejects Armenian demands

An emergency session of the presidium of the Supreme Soviet in Moscow rejected Armenian demands for the region of Nagorno-Karabakh to be transferred to the neighbouring republic of Azerbatjan, either to Armenia itself, or to direct rule from Moscow. Page

UK pressed to ease night flying rules

Problems for holiday passen gers at UK airports eased but the underlying difficulties of air traffic control disputes in continental Europe persisted. Pressure was growing for immediate action by the UK Government to ease the crisis, for example by easing rules on night jet flights. Europe's air traffic chaos, Page 2

Meese report.

Former US Attorney-General Edwin Meese filed a false income tax return and violated criminal conflict-of-interest statutes, but no trial-was warranted, a special prosecutor's report concluded. Page 3

Shultz attacks Seoul **US Secretary of State George** Shultz stirred up growing anti-American feeling in South Korea with remarks about sided trade practices. Page

Soviet war games About 17,000 East German and Soviet troops would hold joint military exercises south of Ber-

lin from July 24 to 30 and for-

eign observers have been invited, East Germany said. **Diplomat charged** Norway's honorary consul in Guinea was charged with forging documents in connection with the illegal dumping of

15,000 tonnes of incinerator ash in the country. ...

Squatters ousted About 600 riot police used truncheons and water cannon to evict 200 people from Amster-dam's last squatter enclave after a two-hour battle with hundreds of residents and sympathisers.

EC aids Third World The European Community said

it was giving more than \$120m in grants and loans to the Third World and African countries would receive the major share.

Sri Lanka rail blast Tamil guerrillas blew up a railway line in northern Sri

Lanka, disrupting train ser-

Canaries clash At least 35 people were injured in fighting between police and striking fishermen in Las Palmas, Canary Islands.

Hong Kong typhoon Hong Kong prepared itself for Typhoon Warren as the storm headed across the South China. Sea with winds gusting up to

Schindler to purchase Westinghouse

undisclosed sum the lift manu facturing interests of Wes-tinghouse Electric of the US in the most significant restructuring in the lift indus-try for many years. Page 19 PEACHEY PROPERTY, UK property company, and Werel-

RANKS HOVIS McDougall, UK bakeries and foods group, is severing all banking links with Midland Bank, leading UK clearing bank following the bank's Samuel Montagu involvement in the proposed bid for the bakeries and food group being prepared by Syd-ney-based Goodman Fielder

PORSCHE, West German sports car group, plans to shed more than half of its 207 domestic dealers in the next five years and break with the Volkswagen/Audi dealership network. Page 21

plans to devote a much bigger share of its capital spending to new product programmes, said Robert Stempel, company president. Page 20.

FOREIGN EXCHANGES: From today currencies and share market information — which would normally appear in this column — will be found in the redesigned markets panel at the bottom of this page.

Canadian transport, energy and industrial group, is expected to announce the sale of its 53 per cent controlling interest in Algoma Steel, Can-ada's third largest steel com-pany. Page 20

BANCO SANTANDER, large Spanish private banking group said it had increased its consolidated group pre-tax profits 37.1 per cent to Pta28.016bn (\$228.4m) in the first half of this year. Page 21

investment company, has begun a tender offer for Macmilian, New-York based pub-lishing group, at \$75 per share. Page 20

a 50-50 joint company with Accor, French hotels and catering concern, to develop a chain of three and four star hotels

SCA, big Swedish forest products group, agreed to buy ital-carta, Italy's largest corrugated board and recycled paper prod-ucts manufacturer, for about SKr500m (\$78.7m). Page 21

Business Summary

lift assets SCHINDLER, world's second-largest lift maker, has agreed to purchase for an

dehave, second-largest Dutch property group, are involved a £265m bid battle over the UK company. Page 19

corporate finance subsidiary's Wattie. Page 19

GENERAL MOTORS, world's

CANADIAN PACIFIC, big

APPLE, Californian-based personal computer manufacturer, continued to enjoy strong growth in revenues and profits in the latest quarter with a net income of \$91.3m or 71 cents a share in the three months ended July 1. Page 20

APT, joint venture of American Telephone and Telegraph and Philips of the Netherlands, reported its net loss in 1987 fell to Fl 20m (\$9.4m), from Fl 70m the previous year. Page

ROBERT M. Bass, Texas

IFIL, key holding companies of Agnelli family, is to form in Italy. Page 21

Elated Perez de Cuellar ready to open talks which could end eight years of conflict

Iran ceasefire agreement raises hopes of Gulf peace

AN END to the nearly eight-year-old Gulf war seemed to be in sight yesterday after Iran surprised the world by announcing that it unconditionally accepted United Nations calls for a ceasefire.

In a letter to Mr Javier Perez de Cuellar, the UN Secretary-General, Iranian President Ali Khamenel said Iran accepted Security Council resolution 598, which calls for an end to hostilities and a withdrawal to the pre-war bor-ders, because it wanted to save lives and establish justice,

peace and security.

At the UN yesterday, a clearly elated Mr Perez de Cuellar, who has spent much of the past year involved in apparently fruitless efforts to keep the UN's peace initiative alive, said that he would begin talks immediately on the implementation of a plan he drew up several months ago, which would set a date to begin a formal peace process. He said that in the next few days, he would be setting up a team - initially composed of about 10 officers from the UN truce supervision organisation in the Middle East but ultimately involving up to 250 – to monitor the ceasefire and the withdrawal of troops. "What I think, if I am lucky, is I may

have a ceasefire in one week or 10 days," he added. However, Iraq's reaction to the franian move will remain crucial. Baghdad, which ini-tially accepted resolution 598 on condition that Iran did also, has been showing signs of stiff-ening its terms in the wake of ening its terms in the wake of its recent military victories.

Mr Hojatoleslam Ali Akbar Hashemi Rafsanjani, Iran's second most powerful man, told Iranian television that the decision to accept the ceasefire call



Ceasefire decision: Iranian President Ali Khamenei (left) and Ali Rafsanjani, chief of the armed forces

had been made personally by Ayatoliah Ruholiah Khomeini, the country's spiritual leader

"The Islamic Republic finally made an historic and impor-tant decision which, with the Imam's decision to accept a ceasefire, will open a new chapter in our history," he said, adding that the decision had been cleared at a meeting of senior religious and political The statement marked an astonishing reversal of Iran's

position on the war, and fol-lows a series of diplomatic, political and military setbacks for the Tehran leadership. Since 1982, Ayatollah Khom-eini has vowed that the conflict would continue until Iraqi President Saddam Hussein was overthrown. Ever since resolution 598 was passed a year ago tomorrow, the Iranian leadership has stalled, saying it was only acceptable in parts. reaction from Iraq yes

terday was intensely suspi-cious. Mr Latif Nassif al-Jas-

sem, Baghdad's Information Minister, said the Iranian statement appeared to be "tactical" and did not stem from a desire for real, enduring peace. He said Iraq had no official knowledge of the announcement. In Western capitals and

elsehwere in the Arab world, however, the response to the Iranian move was warmer, though still somewhat cautious. In Washington, Mr Dan Howard, a Defence Department spokesman, said Iran's move spokesman, said Iran's move was a positive step. "If it's a step towards the end of this war, it certainly is a positive step," he said. "We hope that Iran follows through with it."

A simmering down of the conflict would also allow Western nations with navel fleets in

connect worth asso allow west-ern nations with naval fleets in the Gulf to reduce their pres-ence. The US, which embarked on a major military build-up in the region last year, has con-sistently said that it would maintain a presence "commen-surate with the threat."

The letter from President Khamenei released at the UN yesterday linked Iran's decision to accept resolution 598 to the recent shooting down by the US Navy of an Iranian civilian airliner over the Gulf, with the loss of 290 lives. He said it followed the expansion of the Gulf war to "unprece-dented dimensions, bringing other countries into the war and even engulfing innocent

"In this context, we have decided to officially declare that the Islamic Republic of Iran – because of the impor-tance it attaches to saving the lives of human beings and the establishment of justice and regional and international peace and security - accepts Security Council Resolution 598," the letter added.

Oil prices rise in response to truce news

By Max Wilkinson, Resources Editor, in London

OIL prices rose steeply yesterday after news that Iran had accepted a ceasefire. because traders believed a peace settlement might help Gulf producers to agree to pro-

duction cuts. However, analysts within and outside the major oil com-panies were sceptical whether an ending of the Gulf war would significantly alter the balance of forces within the oil

In Europe yesterday, the price of Brent Blend crude rose by 0.875 cents compared with the level on Friday from \$14.23 to \$15.10 per barrel. By midday, the price of light crude on the New York Mercantile Exchange had risen 70 cents to \$15.55. cents to \$15.55.

Mr Peter Beutel, oil analyst at Elders Futures in New York said part of the rise reflected technical factors in the mar ket. Traders also believed the increased hope of peace would reduce the incentive for Saudi Arabia to depress the price. Some sectors of the market

believe Saudi Arabia has been encouraged to move to mar-ket-related prices and sell crude from floating storage, partly because it thought lower crude prices would hurt Iran's war effort.

However, Mr Joe Stanislaw oil analyst for Cambridge Energy Research asssociates of Massachusetts said a peace treaty between Iran and Iraq would not mean much for the oil industry even though it would remove one problem for

Despite the attacks on ship ping and rocket attacks on the Iranian terminal at Kharg Island in the Gulf, the war is Continued on Page 18

UK interest rates raised as dollar shrugs off intervention

By Simon Holberton and David Barchard in London

BRITAIN yesterday increased interest rates for the sixth time in seven weeks. The decision came as major central banks launched another attempt to stem the rise in the dollar with both the US Federal Reserve joining a concerted round of intervention by European cen-tral banks lead by the Bundes-bank, West Germany's central

The dollar shrugged off much of the intervention and sterling rose by more than 2 pfennigs to close at DM3.1425 and on the Bank of England's trade-weighted sterling index at 75.1 compared with 74.6 on Friday.

Borrowing costs for British industry and home owners are set to rise. Building societies are poised to raise their mortgage rates by up to 2 percentage points after the major clearing banks responded to a signal from the Bank of England and increased their base rates to 10% per cent from

10 per cent.

Most building societies believe that a further base rate increase is in the offing. Halifax, the largest UK building society, is now expected to put its rates up from August 1 from 9.8 per cent to between 11.25 and 11.75 per cent. This would mean an extra £37.50 net per month for the holder of a £30,000 endowment mortgage.

Most analysts thought a rise in rates to 11 per cent was a distinct possibility in the short term. In the money market, interest rates on three-month interbank sterling deposits hovered around 11 per cent all day, an indication that the market was looking for another ½ a percentage point. Expectations of a further rise

in interest rates were fuelled by comments made yesterday by Sir Alan Walters, the Prime Minister's former economic adviser, when he implicitly criticised the Chancellor's pol-icy of shadowing the D-Mark. Sir Alan, who is discussing his return to Downing Street said, "We have to atone with these higher interest rates for the lower interest rates we enjoyed a few months ago.'

The Treasury, however, rejects Sir Alan's suggestion that it was mistaken to lower interest rates to 71/2 per cent two months ago in response to the pound's rise against the Continued on Page 18

UK tax revenues; house prices; Page 5; Lex, Page 18

Dukakis and Jackson embrace party unity By Stewart Fleming, Lionel Barber and Peter Riddell in Atlanta, Georgia

the certain Democratic Presidential candidate, yesterday gave the Rev Jesse Jackson the aging clash with the par-After a three-hour meeting

public embrace he has been seeking, probably heading off a ty's left wing at the Demo-cratic National Convention. at the Dukakis campaign head-quarters here, both men put on a display of unity which the

NISSAN, the Japanese car

group, is expected to meet stiff

resistance in France over its efforts to start exporting its UK manufactured cars to the

French market later this year.
The British authorities are

planning to press Nissan's case

with the new French Socialist Government, arguing that the Nissan Bluebirds manufac-tured at Sunderland, Tyne and-

Wear should be treated as

European cars and not Japa-

nese exports.

However, the French authorities claim that the cars manufactured at the Sunderland

plant do not comply with their interpretation of European local content. The amount of

European-produced parts in the UK manufactured cars is

between 60 and 65 per cent while the French are insisting

on at least 80 per cent. The

French Peugeot car group would like to see this increased

even more. The UK Department of Trade

ermber presidential election. Governor Dukakis paid trib-ute to Mr Jackson, his closest rival in past months of campaigning, as a "great and inspirational leader" and pledged that the black civil rights eader would be "actively and fully involved" in his presiden-

France likely to resist exports

and Industry, which has encouraged the Nissan invest-ment in the North East partly

with a view to developing car

win a view to developing tar exports, said yesterday that Nissan's Sunderland plant aiready met the European Community rules. These state

that the "last substantial man-

ufacturing operation" should take place in the EC.

Exploratory talks are going on between the UK and French

Governments, and the British authorities have arranged a

visit to the Sunderland plant by French officials to examine

the status or production there. Officials the EC have also vis-

ited the facility.
Nissan itself has underlined

its conviction that it is meeting the EC requirements by estab-

lishing its own sales subsidiary in Italy, the most protected

market against Japanese cars in Western Europe. "The Brit-ish Government says that we

are making a European car, and we firmly believe that

of Nissan's British-built cars

tial campaign this autumn. Mr Jackson, looking confident and satisfied, spoke of the two men's common immigrant Massachusetts governor said

By Paul Betts in Paris and Terry Dodsworth in London

own ancestors in slave ships. "We made the judgment not to let our ships pass in the night," he told a packed press conference.
The meeting in downtown

Atlanta followed a series of demands by Mr Jackson aimed at furthering his own political ambitions and strengthening the voice of the left in the Democratic Party. Mr Jackson had sought a

there will be no problem in

exporting our products," the

The Japanese-owned com-

pany is planning to start

exporting UK-manufactured Bluebird mid-range saloons

next October to various Euro-

pean markets, including France. Shipments are expec-ted to amount to about 10,000

cars during 1988, building up to roughly 20,000 next year. "We

shall reach a local content level of 70 per cent by the end of this year," the company

France has operated an unof-

ficial quota on Japanese car imports since the late 1970s, limiting them to 3 per cent of

total new registrations in a

The Nissan UK exports would be included in the 3 per

cent limit unless the British

authorities succeed in soften-

Nissan to build second model

ing the French position.

in US, Page 24

Madrid: Scandal of anti-basque murder cam-

paign hinders the fight against ETA.

company said yesterday.

campaign, the integration of his staff with the Dukakis team, a role in a post-election transition team and access to a future President Dukakis, in the event of a November vic-

> This is far more than losers in previous American presidential nominating races have ever sought, but Mr Jackson has generated great support among party activists who are

arrival of his prominent role in the autumn overwhelmingly repre this year's convention. Mr Jackson is also pressing for changes in the party's electoral platform, largely written by the Dukakis camp, and dif-ferences are still unresolved. It remained unclear yester

day how far Mr Dukak-is – who controls the majority the convention's delegates Continued on Page 18 Democratic aides bury differences for Dukakis, Page 3

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PFr 6.3150 (6.3685) SFr 1.5545 (1.5675) Y134,45 (135.45) DM: 1.6820 (1.8760) FFr: 6.8425 (6.3250) SFr: 1.5825 (1.5545) 1493.1 (-1.7) Y134.70 (135.25) \$ 15.10 (+.875) West Tex Crude \$ 15.725 (+1.00) Grosz' US tour confirms high regard for Hungary in West

4.52

Hungarian party chief and prime minister Karoly Grosz arrives In the US today for a nine-day tour with news of his plans for political reform in the West's most favourite East European nation. Page 2

commercial Law

Technology: Computer graphics put nearly everything in the picture . Japan foreign affairs: A new ambassador to London worthy of Tokyo's new status .. regulated by world-wide accord kins; Atlantic Computers

Bankings Shortly to become the first industry Lex: Markets; RHM/Midland; Amstrad; Tom-GoldInt. Capital Markets

95mph. Page 4

MARKETS

COLD

S&P Comp 270.51 (-1.54) close): 126.19 (-1.0)

27,682.12 (-251.67) Frankfurt Brent 15-day (Argus)

STOCK INDICES New York Dow Jones Ind. Av. 2117.89 (-11.58)

1.849.3 (-12.2) World (yesterday's

EC urges East bloc to act quickly on arms

EUROPEAN Community should start as soon as possi-Foreign Ministers yesterday called on Eastern bloc countries to act quickly on their recent plea for progress on con-ventional arms control.

But EC member-states gave a qualified welcome to the appeal made by last week's Warsaw Pact meeting for a 35nation summit on arms reduc-tion, as long as it would include the US, Canada, and Western and Eastern Europe. Officials of several member-

states said they could accept such a meeting as long as it was in the framework of the conventional arms talks. planned to take place in Vienna.

In a joint statement, they stressed that the best way to lay the ground for an accord on conventional arms stability was to get "a balanced and substantial" conclusion to the current Conference on Security and Co-operation (CSCE) in Vienna, which is understood to be the possible forum for the Warsaw Pact's proposed sum-

This is a very favourable of positive development within the overall climate between East and West," said Mr Karolos Papoulias, the Greek Foreign Minister, who headed yesterday's political co operation meeting. "While some member-states

were cantious over the speed at which such a summit should be called, they all welcomed the Warsaw Pact's acceptance that any cuts in conventional forces must fall more heavily on the Eastern bloc because of its numerical superiority, and that there must stringent verification of any conventional

Both points had been big obstacles to conventional arms talks between East and West. This positive development should now be transformed into acts," said the statement, one of the EC's furthest-reach-

ing contributions yet to the politics of arms control, a sub-ject which has taken increas-ing prominence in Community affairs over the past year.
Those keen to tread with care included Britain, the Netherlands, and Belgium, whose Foreign Minister, Mr Leo Tindemans proposed that all of a two-day informal ministerial meeting in October be devoted to East-West relations. France, West Germany and Greece were meanwhile urging that conventional arms talks

GREECE yesterday proposed the adoption of European Com-

munity measures against mari-time terrorist attacks, of the

kind which a week ago cost the lives of nine people aboard the Greek cruise ship City of

Greece, which holds the EC

presidency until December, had said in the wake of the attack that it would launch an

initiative to promote co-opera-tion against terrorism on the level of the Community.

tries of the EC with extensive sea borders face a new threat

which we need to tackle," Mr

Karolos Papoulias, the Greek Foreign Minister, said at the

end of a one-day meeting of foreign ministers in Athena.

for security co-operation, on the level of foreign ministry

entatives in Brussels on Mr Papoulias had earlier

The issue will be discussed at a forthcoming meeting of the Trevi Group, the EC forum

The Mediterranean coun-

Greece urges EC action

against terrorism at sea

EC butter melts away but beef builds up

By Tim Dickson in

UNTIL "1992" came along the

infamous butter mountain was for many people the dominant image of the European Community. It may thus be appropriate that as the focus of political attention moves rapidly elsewhere the Brussels authorities. "There was a general anxiety that our response should not lead us to neglect the interests of our own security." Sir Geoff-rey Howe, Britiain's Foreign Minister, said shortly before flying back to Britain for a meeting with Mr Hans-Dietrich ties appear to have their most notorious farm surplus problem under control. The European Commission

Foreign Minister. confirmed yesterday that it has just agreed to sell 100,000 tomes of elderly butter to the The conventional arms stability talks (CST), scheduled to take place in Vienna, cannot start until the CSCE discus-

Papoullas: Positive

That depends on resolving a split in Visnna over whether or not CST should include dual-

capable systems, as demanded by the Warsaw Pact and resisted by the West – the key security matter at issue.

An agreement on human

rights issues has also been linked by the West to an over-

Several EC member-states are anxious that these issues should not lose prominence in the haste to follow up the Warsaw Pact's ideas.

Foreign Ministers also renewed their appeals to the South African Government to free Mr Nelson Mandela, the former African National Congress leader who yesterday celebrated his 70th birthday.

the details of the City of Poros

incident, and the progress so far of investigations into the

Athens was continuing to insist yesterday on the identifi-

cation by eye-witnesses of a 23-year-old Frenchman, Mr

Laurent Vigneron, who was among the nine victims of the

City of Poros incident, as a member of the terrorist team

According to the Greek

authorities passengers had seen Mr Vignsron firing a weapon during the attack.

Paris had reacted angrily over the weekend to the Greek announcement implicating Mr

Vieneron. The resulting rov.

was defused in time to prevent a spill-over to yesterday's BC

meeting, however, in a spe-

cially arranged private dinner between Mr Papoulias and the

French Foreign Minister, Mr Roland Dumas, on Sunday

actually involved.

Soviet Union, effectively setting the seal on an emergency stock disposal programme begun in some desperation at the start of 1987. That complex plan – involving financial support of Ecu3.2bn (£2.1bn) from the member states to be paid back in equal instalments out of the in equal instalments out of the Community's own budget over the next four years — became necessary because of the unprecedented build-up of dairy stocks in the early and mid-1980s and the downward pressure which they were exerting on world prices.

In early 1987 EC butter stocks exceeded 1.3m. tonnes, while the emount of unwanted

while the amount of unwanted skinmed milk powder in store was close to im tonnes. Eighteen months later the butter teen months later the butter surplus (after the latest sale) is down to a "normal" level of 300,000 tonnes and a mere 30,000-40,600 tonnes of skimmed milk powder is lying in stores. A Commission spokesman and yesterday that, under the emergency programme, 528,000 tonnes of butter had been exported to non-EC markets, 400,000 tonnes have sone to the 400,000 tonnes have gone to the animal feed industry, and 53,000 tonnes had been sold for concentrated butter.

"With this latest sale," he added, "we have reached by July the target we set ourselves for the end of the year".

Premature rejoicing in Brussels, however, would be ill-advised. First there is the huge cost of the grantee required to vised. First there is the nuge cost of the exercise required to bridge the gap between the guaranteed Community price which producers are paid for their butter and the price which is received (less than a tenth of that in some cases) when it comes out of the when it comes out of the "intervention" stores.

ing up the current code of conduct governing the labour According to the Commission, the Ecu3.2bn have already been exhausted and the latest sale to the Soviet Union (at a price not yet disclosed) has been "financed" practices of Community com-panies operating in South Africa, on the basis of a 14-point plan put forward by Mr Genscher.

> tough action taken to curb dairy surpluses appears to be preventing a build-up of new stocks, the same cannot be said of other sectors.

Forecasts suggest that thanks in large part to the one-off "bonne" of this year's crop disaster in the United States, EC cereal stocks could be significantly lower than tomes at the end of June. But the short-term situation in wine and beef is much more

The EC is expected shortly to confirm a beef sale of 200,000 tomes to Moscow, but overall stocks have been rising in the past 12 months — from 637,000 tonnes at the end of June 1987 last month — and, despite ear-lier price measures to reduce production, new quantities have been coming in at the rate of 10,000 tonnes a month.

The Commission, mean-while, is expected to agree pro-posals for a major disposal pro-gramme for wine alcohol at its

Scandal complicates fight against Eta

By Peter Bruce in Madrid

SPAIN'S NEW Interior Minister flew to Paris at short notice yesterday for private talks with his French counterpart smid signs that co-opera-tion on combating Basque ter-rorism faces new difficulties and that the Spanish may be resigned to failure in their attempts to negotiate a peace with the Eta separatist move-

Mr Jose Luis Corcuera, picked as Interior Minister in Mr Felipe Gonzalez's cabinet reshuffle 10 days ago was due to dine with Mr Pierre Joze yesterday evening. Their dis-cussion is bound to have been dominated by two themes:

Growing evidence that
Basque police, and, possibly,
the Madrid Interior Ministryitself, have been giving physical and financial support to a
clandestine campaign to murder Spanish Basques in exile in
France.

The apparent hopelessness
 given a large Eta arms find

last week and the kidnapping of a senior Spanish industrial-ist — of continuing to talk to Eta leaders in exile in Algeria about ways to brings an end to

the separatist war.

Mr Corcuera, a Besque trade unionist, flew to Paris yesterday as a Madrid newspaper published damaging revelations about the activities of GAL, the shadowy anti-terrorist mercenary unit alleged to have been run by Mr Lose have been run by Mr Jose Amedo, a senior policeman in Bilbao and which is said to have killed 28 suspected Eta members in exile in France between 1983 and 1986. Mr Amedo and a junior offi-cer on the same force were jailed, pending trial, last week by a judge investigating French allegations that they

were the chief organisers of GAL. The newspaper Diario 16 claimed yesterday that French magistrates investigating the deaths of several Basque exiles had alleged that Mr Amedo had himself shot Eugenio Gutierrez Salazar, alias "Tigre".

The newspaper also reported that French investigators believed false identification beliaved raise identification documents given to GAL mercenaries recruited by Mr Amedo were printed at police headquarters in Bilbao.

The French already have a warrant out for Mr Amedo's arrest and extradition on charges of organising GAL and another, for murder, may follow.

That would be extremely difficult for Mr Corcuers. Madrid has been greatly helped by the French in the past year in containing Eta in exile and the French authorities have made. several important arrests. But it might be difficult to continue such close co-operation in the face constantly unfulfilled. French extradition demands. The Spanish Government appears to have no effort to investigate GAL in spite of evi-

Another complication for Mr Corners is the evident point-lessness of continuing to try and talk to exiled Bta leaders. These talks are believed to

These talks are believed to have started about a year ago. They were interrupted by an Sta bombing last December and again in February when the movement's Madrid command kidnapped a property tycoon, Mr Emiliano Revilla, who has still not been released. Since then Eta has shot several people in the Basque country, continued to try to exiort money from Basque businesses. money from Basque businesses and, last week, was found to be planning an attack on a naval ceremony and regatta in San

The so-called Donosto commando had equipped itself with rocket launchers and also planned attacks against the civilian administration in Guipozcoa. A few days later French police were reported to

dence given to French police have found a workshop for by captured GAL members. making granades and mortare making grenades and mortars in the home of one of the founders of Rts. Mr Julen Madariaga, in the south of

The conjects with Etz lead-The confacts with Eta leaders in Algeria were always controverstal, and shrouded in secrecy. Spain insisted they were simply about talks if Eta stopped killing people. But it is far from clear whether the leaders in Algeria still have authority in Spain, and, anyway, Mr Gonzaler's new caldnet appears to be taking a much harder line.

Mr Enrique Magica, the new Justice Minister, told newspapers over the weekend that he is "radically opposed to any political negotiations with Eta". He said that "we are in the final phase of terrorism sithough no one can say how long its total eradication will take".

EUROPE'S AIR TRAFFIC CHAOS

UK pressed to lift night flight ban

By Our Foreign Staff

PROBLEMS FOR holiday passengers at UK airports eased yesterday, as airlines and airport staffs throughout the country sought to over-come the chaos in schedules come the chaos in schedules created by the weekend's disruption. However, the underlying problems of air traffic control (ATC) disputes on the Continent persisted.

The threatened strike by all French air traffic controllers was eventually reduced to a walk-out by one union the

walk-out by one union, the Communist-led CGT, which cut French ATC activities by about 30 per cent. Most affected were 30 per cent. Most affected were French internal flights, with only 92 out of 251 scheduled internal flights being operated.

Pressure was growing for some immediate action by the UK Government to ease the crisis, for example by reducing temporarily the strict rules on right jet flights.

The Air Transport Users Committee, representing passengers' interests, argued that "the good of the many must override the interests of the few. The powerful people have

few. The powerful people have got to be pursuaded. At pres-ent, if an aircraft arrives too late at Gatwick, it has to be diverted. That is quite unrea-

Mr David Kydd, public rela-tions director of the Interna-tional Air Transport Associa-tion, said: "We do feel that the regulations should be stretched to allow the quiet jets to land outside the currently allowed

Others include the Interna-Passengers Associations, and the Civil Aviation Authority itself, which said recently that itself, which and recently that such an essement "would not lead to a marked increase in sleep disturbance [to residents round the sirport — Gatwick]". Gatwick, as the world's sec-ond busiest international air-port, has suffered worse than any other European airport in the past few weeks, as a result of disputes by air traffic con-trollers in Greece and other

FIAT, Italy's largest private-sector conglomerate, yesterday reached a definitive

agreement on a new pay deal covering 170,000 engineering

workers.

The deal, which calls for a cne-off sunual payment based on the company's performance, has resulted in a serious split among the three main Italian trade union confederations.

After a weekend of mounting disarray among the unions, two of which signed an initial

countries.

This is attributed to the fact that many of the UK charter airlines, especially some of the smaller ones, are operating on tight financial margins, requirements. ing two and sometimes as many as three out-and-back flights a day to holiday air-ports around the Mediterranean, without any back-up air-

nean, without any back-up aircraft to meet emergencies.

As a result, when things go
wrong, there is no way they
can escape delays, thus forcing
them either to place their passengers in botels, incurring
heavy extra costs, or leave
them waiting for many hours
in sirport lounges.

Mr Christopher Tugendhat,
chairman of the Civil Aviation
Authority, vesterday repeated

Authority, yesterday repeated his weekend rejection of accusations that his authority was the cause of the chaos. "I reject that", he declared. "If all air traffic controllers in Europe and all the ATC systems had been working with the same efficiency and dedication last week as ours have, this position would not have arisen. It is the aritines

who are responsible for their own schedules."

But record numbers of passengers and flights expected over the next two weeks as the peak annual holiday season gets under way will continue to throw considerable strains or the ATC system of considerable strains. on the ATC system, and some delays must be expected.

A spokesman at Gatwick yesterday said that there were

still delays, "but things are now a good deal better and look like improving." french airports have suf-fered more turnoil than usual this year as a result of a long strike by the pilots of Air Inter, the domestic airline, and the general congestion of French air space. But the chaos risked reaching a peak during the last few days when French air traffic controllers decided to strike again to secure new wage com-mitments from the govern-

agreement with Flat on Saturday in the absence of the third, these same two - the CISL and UIL representatives - signed the final pay deal with

Fiat early yesterday of the Coll., the union that speaks, for about helf the 50,000 registered union members among

Fiat's 170,000 workers, had by yesterday, still not signed. But Fist and the other two unions

are viewing the talks as closed. Company negotiators left, Rome last night for Turin,

Fiat signs pay deal for 170,000 workers

But two out of the three con-But two out of the three con-trollers unions (including the biggest independent union) decided on Sunday evening to cancel their proposed strike action. Despite the lifting of the strike, the situation remained highly confused and chaotic although there were more flights than expected tak-ing off and landing at Parie, yesterday.

yesterilay.

The French Government intervened swiftly to try to defuse the air controllers' threatened labour action by proposing to pay a special bonus to the controllers and premising to hire 70 new controllers in the autumn.

promising to hire 70 new controllers in the autumn.

Domestic air travel, however, continues to risk heavy disruptions this week with the Air Inter pilots deciding to renew their labour action which has made domestic air travel in France a nightmare this year, especially for business travellers.

Although Paris has suffered

ness travellers.

Although Paris has suffered like everywhere else from the congestion in European air space this summer, the French authorities clean the problem has not been as pronounced as in the UK because French airports have been undertaking a major programme to improve and modernise flight control systems. None the less, Parisbay suffered from the repercussions of congestion in other. European air spaces.

Spanish airports were operating at near hornal capacity yesterday after the stoppage by

yesterday after the stoppage by French air traffic controllers, However, three unions have called for a strike by airport personnel on July 28 and 29 and August 9. The flist stop-page would also councide with a planned strike by cabin attendants on Iberia, the Span-iah national striine. West German air travellers have not been facing the same massive delays as Britons trying to flee abroad at the weekend. But long waits at airports have become an increasing feature this summer as a result of

The agreement, which has an importance far beyond Flat and is likely to set the stan-dard for 1m other engineering

workers in Italian industry,

calls for a 1986 Jump sum pay-ment roughly equivalent to a 5 per cent increase on the aver-age Lilim (2478) Flat worker's

which ties the bonus payment to the company's performance,

calls for a payment of not less.

route overcrowding.
The Defence and Transport
ministries in Bopn have been trying to co-ordinate better military and civil flights in

trying to co-ordinate better military and civil flights in some areas to ease congestion. Mr Juargen Warnke, the Transport Minister, has also been seaking a way of diverting some international routes over West Germany through East German altspace.

A spokesman for the national carrier Lufthansa said yesterday that no concrete signs had emerged that congestions had improved over the past few weeks. Lufthansa says its aexoplanes have put in an extra 4,000 hours flying time in the first six months this year because of the need to circle in holding patterns over Buropean airports. This has burnt up an extra DM 40 m worth of fuel. Swedish charter operators say that the problems in Rurope are not their main worry this summer. There are some delays on flights to Majorca, a very popular destination for Surviver measure of

Flight delays at Amster-dam's Schiphol Airport eased yesterday with most delays smounting to less than two hours. Fewer passengers at Schiphol and fewer labour strikes at European airports were credited with the improvement. But delays are expected to continue.

The division between CGIL

and the other two unions is a

cause for concern among Ital-

ian organised labour. Yester-day's deal is the first compre-

hensive agreement between Flat and its engineering work-

The company said yesterday it planned to award the pay-ment to all its engineering workers, whether CGIL signs

ers since July of 1977.

Alitalia chief offers to quit

By Alan Friedman in Milan MR UMBERTO NORDIO, the MR UMBERTO NORDIO, the embattled chairman of Aittalia, finally tendered his resignation last right, 10 days after the executive committee of the IRI state holding group, the Ballan abline's majority shareholder, informed Mr Nordio he no longer had their confidence.

The combattee Mr Nordio.

The combative Mr Nordio, whose allegedly poor manage-ment of Alitalia has become a national political controversy, refused to step down on July 7, when his majority shareholder acted to oust him.

The affair exploded last month when it emerged that Prof Romano Prodi, the IRI chairman, had accused the Alialia chief of "myopic management" and "reactionary policies". Mr Nordio has rejected all criticisms, but numerous politicisms have claimed that his tenure at Alitella might

Rurope are not their main worry this summer. There are some delays on flights to Majorca, a very popular destination for Swedes, because of problems over Frankfutt, but this is not so far causing cancellations from customers.

There seems to be no syldence of cancellations of trips to Athens, despite the shooting endsode last week.

Charter operators say the biggest problem is. Sweden's halliant summer weather, with almost uninterrupted senshine during May and June, and temperatures of over 25 degrees centrigrade, which has kept would be sun-worshippers at home so far. With too many sents on the market, tour operators have been forced to rely on last minute sales and discounts.

Flight delays at America.

tition from more efficient foreign airlines should they decide to compete in Italy after the liberalisation moves related to the opening up of Europe's internal market in

Pesticide plant shut after explosion By Alan Friedman

THE ITALIAN Government yesterday ordered the immediate closure of a Montedison group pesticide plant in the Tuscan port of Massa Carrara after an explosion and a seri-ous fire at the plant on Sunday released a cloud of what were

renased a cardi to what were said to be toxic gases.

Meanwhile, magistrates in Massa yesterday opened an investigation into the fire at the plant, which is part of Far-moplant, a Montedison subsid-iary. Thousands of people abandoned their homes Sunday and 200 people went to hospital complaining of sore throats, burning eyes and dizzi-

The explosion has already caused local authorities to declare beaches unsafe and is expected to result in thousands of cancellations from tourists. The plant has been the target of environmentalists for nearly three years, with repeated alle-gations being made that safety conditions were inadequate. A company spokesman in Milan had no comment other than to describe details of the explosion and to deny that the cloud was toxic.

Grosz visit to US confirms Hungary's standing in West Washington most wants to hear from the party leader about his plans for political reform, writes Leslie Colitt

HE Hungarian party chief, Mr Karoly Grosz, fresh from his talks with Mr Mikhail Gorbachev, todav begins a nine-day visit to the United States which will underscore Hungary's position as the West's favourite East European nation.

Ironically, not so many years ago that role was still played by Romania's President Nicolae Ceausescu. Bucharest, however, is now embroiled in a bitter war of words with Hungary over its treatment of the Hungarian minority in Romania. Mr Ceausescu was the last of Moscow's allies to visit the US in 1978 and has since become Eastern Europe's leading bogeyman because of his harsh domestic regime. By contrast, senior US officials have praised Budapest's "exemplary human rights record.

Mr Grosz, who puts in a punishing 12-hour work day as party leader and Prime Minister, will visit 15 US cities where he will concentrate on meeting American businessmen and bankers.

He will confer with President Ronald Reagan, Vice-President George Bush, and representa-tives of the International Mon-etary Fund and the World Bank, Although Hungary remains creditworthy, he will no doubt brief those institutions on the economic pain Hungary is enduring as a result of its \$18bn gross debt. But US officials will be especially interested in hearing Mr Grosz's plans for the liberalisa-

tion of Hungary's political system, which is to proceed apace with economic reforms. Mr Gorbachev gets along extremely well with the Hun-garian leader, who now has Moscow's full support in carry-ing out economic and political reforms which far exceed those envisaged in the Soviet Union. Mr Grosz predicted in a recent interview that the day was "not far off" when candidates representing different platforms" in the Hungarian Communist Party would com-

pete in elections. The basis for his forecast was a unique pol-icy statement adopted by the

party conference last May which brought him to nower. hich brought him to power. The document notes for the first time that party members holding minority opinions can openly express their positions and have the right to seek a re-examination of their views. were not tolerated.

Even more important, for a good many Hungarians, for a good many Hungarians, is the prospect of some form of legis-lative control over the party. This would mean giving teeth to the ornate but largely cere-monial Hungarian Parliament which meets only four times a weer to approve hills desired by year to approve bills drafted by the party and government.

The party says it intends to strengthen Parliament's role it - increasing the number of non-party deputies - and by permitting greater legislative control of economic policy. But this falls far short of the demands by some deputies for a freely-elected Parliament which could act to check the powers of the ruling party. Hungarian deputies provided

an inkling of what is hoped will become routine practice in Parliament at its recent sum-

Parliament at its recent summer session.

The party's central committee had put forward Mr Istvan Stadinger as its choice for the new president of Parliament who it expected would be routinely approved, along with a new Deputy Speaker, Mr Lajos Horveth

But an independent deputy, Mr Zoltan Kiraly, objected, not-ing that Parliament had no choice and proceeded to pro-pose a second candidate. Another deputy rose and nomi-nated a third candidate. A lively debate ensued and a proposal was made that the election be put off until the next session. But it was decided to go ahead with the vote and in the secret ballot Mr Stadinger was elected with 222 votes to 129 against, and Mr Horvath

with a larger majority.
Interviewed afterwards on
Hungarian television, Mr Stadinger said he was more grati-fied by the result than if it had been "some false, monolithic

100 per cent. I received 68 per cent in a secret ballot which is different."

Mr Grosz, however, left no doubt that the "demand for democracy without limits" would not be met. Hungarians, he asserted, had not yet reached a sufficient level of "political culture" to permit a "highly demanding" Parlia-ment to function as in Britain. "My consolation is that it

took some 790 years to shape Parliament in Britain," he said. A new draft constitution is to be submitted to Parliament in 1990 at which time it will be decided whether to retain the much criticised Presidential Council (an executive arm of the party) or to create an upper and a lower house. "We shall devote two or

three years to the debate in which everyone will give the opinions," Mr Grosz remarked. Did not his own dual function as Prime Minister for the past year and now party leader clash with the party's policy

statement? It says the party "mist not" take over the func-tions of the state and speaks of a "division of labour" between party and government,

Mr Gross replied that he would retain the post of Prime Minister as "long as I meat heap it". He was convinced, though, that the two posts should be "separated" for at least a decade.

The party in the future, he said, would draw a "little bit' further" away from managing the nation's daily affairs. instead, it would deal with "concepts, approaches and general ideas". At the same time he made it pish that the party-would not relinquish its leading role in a more pluralistic

Mr Grosz, who has swung from a conservative to a more reform-minded position in recent years emphasized that the pace of the reforms would be "firmer and faster" than under his predecessor, Mr. Janos Kadar. But the direction

"When we say reform it does not mean we clean out the entire stable, he said.

hundreds of Hungarians to gather in a Budapest cometery to commemorate the execution 30 years ago of Mr Imre Nagy, leader during the 1956 upris-ing. But an attempt to stage a rally the same day in the centre of Budapest was thwarted by the authorities. It was an example of how far Mr Gross is prepared to go to engage in a dialogue with the epposition.

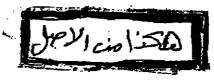
"A new superstructure is being built," he said; "a new type of thinking, a new philosophy and it takes time. We are doing something today which has not as set here there has has not as yet been done by anyone. We need patience."

But pressures from below for radical political change are mounting fast and in Hungary's worsening economic situa-tion putience may be a scarce

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AMERICAN NEWS

evidence' to prosecute Meese

By Nancy Dunne in Washington :

MR Edwin Meese, the US attorney general, filed a false 1985 income tax return and violated criminal conflict-of-in-terest statutes, but evidence against him is insufficient to warrant prosecution, accord-ing to a report by the special

The \$14-page report contains allegations that Mr Meese's conduct "probably violated the criminal law" but it also found "there is no evidence that Mr Messe acted from motivation for personal gain".

The report is something of an anti-climax. The attorney general resigned almost two general resigned almost two weeks ago, capturing headlines with the prounouncement that he had been "vindicated" by the failure of Mr.
James McKay, the special counsel, to seek an indictment.
Mr. Meese and Mr. George
Bush, the Vice-Proposition of the proposition of the pro Bush, the Mcerresident and future Republican presidential candidate, were fortunate in the timing of the report's release. All attention yester-day was focused on the Demo-cratic convention in Atlanta.

Mr McKay's report is replete with embarrassing details of Mr Meese's activities. He filed his 1985 tax returns late and did not declare capital gains or pay taxes on them -because he did not have the necessary documents. He thus "willfully" broke the law by filing a false return, the spe-

cial counsel said. Much of the blame seems to have been placed on Mr Meese's "habit of procrastination in such matters and the higher priority-he gave to

other concerns".

Mr Meese also probably vio-lated a criminal conflict of interest law when he partici-pated in decisions he knew would benefit the regional Bell Telephone Companies, the

Mr McKay's investiation initially centred on help the the attorney general had given to Wedtech Corporation, a defence contractor, whose offi-cials have been charged with bribery. The independent counsel, however, found that "currently available evidence does not show any criminal wrongdoing by Mr Meese".

'Not enough Democratic aides set to bury their differences for Dukakis

Stewart Fleming in Atlanta profiles two veterans of the Kennedy era with a key role in this week's convention

r Stuart Bizenstat, who was President Jimmy Carter's top domestic policy adviser, first encountered Governor Michael Dukakis's 35-year-old campaign manager, Miss Susan Estrich, in 1980.

time of tension within the Democratic Party, particularly between the Carter Adminis-tration and Senator Edward Kennedy, for whom Miss Estrich was working.

Mr Kennedy, then the leader of the party's liberal wing, was vainly challenging the incumbent President for the party's 1980 presidential nomination, and in the process damaging Mr Carter's re-election prospects.

Miss Estrich, then in her mid-20s, was Senator Kenne-dy's deputy issues director and one of his representatives in the tense negotiations over the wording of the party's plat-

Recalling those confrontations yesterday, Mr Eizenstat remarked that, after years

dealing with domestic policies
— including four years in the
White House with Mr Carter —
he prided himself on his knowledge of both the politics and the substance of the issues.
"I more than met my equal when I dealt with Susan," he remarked yesterday, adding that he was startled that a person then only in her mid-20s was "equally tough, equally knowledgeable, and equally adont at placing the relief. adept at playing the policy issues to her side's advantage.

Miss Estrich took over as the Governor's campaign manager at a rocky moment late in 1987, after Mr Dukakis had been forced to accept the resignation of Mr John Sasso, a man widely seen as having played a critical role in his successful

But Mr Sasso had distributed to the press a so-called "attack video" of Senator Joe Biden, then one of the Dukakis camp's rivals for the party's presidential nomination, only to be caught out trying to disguise its origins.
Since then, Miss Estrich,

period as Governor of Massa-



Governor Dukakis and Mr Jackson at their press conference yesterday

broadly all at the same time, has masterminded the con-struction of a nationwide camwhose determination shows when she clenches her teeth, juts out her jaw, and smiles

paign organisation to rival the Republican machine established over almost a decade by Vice President George Bush, the certain Republican candi-

date for President.
For the past few days, however, she has been one of a handful of Dukakis advisers who have been intermittently who have been intermittently closeted with top aides to the Reverend Jesse Jackson, trying to defuse the threat to party unity posed by the magnetic black leader's demands that he and his staff be given a leading role in the election campaign in the autumn. in the autumn.

For a defeated candidate, the black leader's demands, backed up with veiled threats that he will disrupt the convention with floor fights over the party's philosophy, have no precedent in modern times. Defeated candidates normally do not have the political skill,

or the gall to press such demands so aggressively. Like most party leaders here, Mr Eizenstat has been con-vinced for some time that Mr Jackson, after exploiting the leverage he has to the limit,

would reach an agreement with the Dukakis camp. "Jackson knows he will have greater influence in the party.'

But, because he sees Mr Jackson as the leader of the left-wing rump of the Democratic Party and because Mr Jackson is not a man who is easily controlled, he concedes that the integration may not that this integration may not be easy to accomplish. On the other hand, because Mr Jackson is black, Mr Eizen-

stat says the Democrats cannot turn their back on him. Not only is the black vote "very critical in the South," he says, in addition to reject Rev Jackson would be "to turn our backs on our history and some of our (party's) proudest moments," fighting for civil

But if the Democrats' com-mitment to victory in Novem-ber, and the importance they attach to achieving unity in pursuit of this goal, are the driving forces which have begun to dispel the threat of a disruptive convention a critical ingredient, too, has been the abilities of the top advisers in both campaigns to work together to resolve their differ-

On this score, it has certainly helped that the man who has been leading Mr Jackson's team, Mr Ron Brown, an extraordinarily able lawyer, and an experienced political operator well-known in the Dukakis camp.

Mr Brown is another veteran of Senator Edward Kennedy's Senate staff working as deputy campaign manager in 1980 at the same time as Miss Estrich.

Subsequently, in 1980 during a stint at Harvard's Kennedy School of Government in Boston, Massachusetts, Mr Brown got to know several of the peo-ple involved in the Dukakis

With this background, it is not surprising that the speculation in Atlanta is that, amongst the various Jackson campaign people that Governor Dukakis is likely to recruit, Mr Brown's name is frequently mentioned as an individual likely to be asked to occupy a

CONVENTION NOTEBOOK

Jackson, consummate newsmaker, towers over press corps

By Lionel Barber in Atlanta

MUCH has been made of the Rev Jesse Jackson's appeal to the poor folk of America, but not enough has been said about the pull he exerts over the national print and broadcasting media.
Without Mr Jackson and his

pre-convention antics many of the 13,500 scribes here in Atlanta would be out of a job. He is the consummate newsmaker, whose pre-convention antics assured that he rather than the Democrats' certain presidential nominee, Governor Michael Dukakis, would dominate the early headlines. And Mr Jackson, lest we forget, still has tonight's key-note convention speech to come. The symbiotic nature of Mr Jackson's relationship with the American media was laid bare on Sunday night when the black civil rights leader,

To say that the assembled press corps collectively swooned would be an exaggeration, but it is accurate to record that many a man and woman pressed through the crowds to shake hands and exchange words with the great insurgent. His physical presence is overwhelming. Broad-shouldered and arch-backed, he stands well over six feet tall, towering over many of his interviewers as he looks them in the eye with that mischev-

ious, penetrating gaze.
One network news correspondent who has ridden on the Jackson campaign aircraft for the past several months describes Mr Jackson as a rock star: glamorous, imperious and utterly unpredictable — a wor-rying testimony for the Massa-chusetts governor.

flanked by huge black and white bodyguards, strode into a party thrown by the local newspaper, the Atlanta Consti-tution. Duke and Mrs T The absence of Governor Dukakis at the Atlanta Consti-tution party may have been a

campaign oversight because there were more syndicated columnists per square foot than in most places in town that night. Then again, the governor initially sought to avoid a direct meeting with Mr Jackson, preferring to conduct negotiations on the election platform and future campaign strategy through his senior staff, led by his old Harvard class mate, Mr Paul Brountas. The underlying question is what is the nature of the rela-tionship between Mr Dubelis

tionship between Mr Dukakis and Mr Jackson. One of the governor's friends from Massachusetts says that Mr Dukak-is's basic misunderstanding is to treat Mr Jackson like any other ethnic immigrant. "He thinks that blacks started off like Greek American immigrants," said the friend, "but he forgets the history of slav-ery and all the other barriers

In this respect, Mr Dukakis may be a little like Mrs Mar-garet Thatcher who has always

given short shrift to special pleading by blacks - seeking instead to make individual achievement and enterprise the ultimate measure of civic merit. Who said the "Duke" and Mrs T had little in com-

Majestic Cronkite The majestic Mr Walter Cronkite is back in the air this year.

CBS News has placed the veteran anchorman next to his successor, Mr Dan Rather, described by a colleague as a "40 ton bundle of dynamite."

Like all the networks, CBS has curtailed convention cover age to little more than two hours a night, and Mr Cronk-ite's reappearance adds a touch of class. But some CBS hands

ing the screen, and his rela-tions with Mr Cronkite turned sour last year after he stalked off the air when CBS coverage of the US tennis Open cut into his news broadcast. Mr Cronkite suggested he should be dis-

never been relaxed about shar-

In their first on air meeting, in the sky studio overlooking the convention floor, Mr Rather got his retaliation in first, grasping the hand of Mr Cronkite and thanking him profusely for joining the show. For one flickering moment, it appeared that even Walter was taken aback.

Mission to explain

Americans have always felt "a mission to explain" is part of think that the Dan and Walter the political fabric. But it is pairing could signal a return to Tension City, the famed live hard to convey the extraordi-nary range of facilities afforded to those who are attending the confrontation between Mr Rather and Vice-President George Bush. Mr Rather has convention, the first in the Deep South since 1860.

Of course, there have been moans about the cramped space inside the Omni conven tion hall - a mere basketball stadium - but the adjacent

World Congress Centre has a stunning array of exhibitions and information available about the city of Atlanta and this week's political delibera-The space given to the world media amounts to several

acres, more than two football

fields placed end-to-end with special pedestrian paths such as Harry S. Truman Boulevard set up so no-one gets lost. The place is packed full of reporters, secretaries, computers, hook-ups, link-ups, hot-lines, and other electronic sophistry which sends the convention tyro's head spinning. And then there is the "Dial a Professor" an instant comment and analysis on the week's events pro-vided, via the telephone, by the dons of Atlanta's top universi-

ties, Emory and Georgia Tech.

Tight security

Mr Andrew Young, the black mayor of Atlanta who served as President Jimmy Carter's ambassador to the United Nations, is obviously deter-mined to avoid any security problems during the conven-tion. Not only is the city's police out in force, but also the state troopers, with their widebrim mountie-style hats, are everywhere, backed by SWAT teams in combat fatigue and polished black army boots. Occasionally they appear to be a little over-enthusiastic, banging on this reporter's hotel door well after midnight with the fierce if improbable ques-tion: "This is security, is everything all right?"

In normal circumstances, the answer would be "No." But in this hotel, home of the Democratic delegation from Rhode Island and Iowa, no one is tak-ing chances. The last thing Mr Young wants is another liberal mugged by reality.

July 1988

Death toll rises in Brazil drug swoops

harvest of corpses announced a new crackdown at the weekend by Brazil's federal police against Rio de Janeiro's tenacious cocaine traffickers:

As morphing up operations continued yesterday local newspapers were full of gruesome colour photos of the dead after some 250 officers com-pleted Operation Mosaic 2 – a bloody sequel to the February

ni Ki

picas

part in the unmapped alleys of Rio's favella shanty towns, nor-mally "no-go areas" for honest

As many as five innocent, bystanders are said to have perished in the fire-fights, one of which continued for several hours. A Federal police officer said yesterday morning that a definite figure on the number of dead had still not been col-

According to one report, 16 operation will be chalked up as died in the eight simultaneous a significant new victors.

Caribbean balks at US policy

Canute James, in Antigua, reports on discord over narcotics

trade. It follows on directly from February's bust of Mr Antonio "Little Tony the Turk" Nicolau in which 30 alleged dealers were arrested at 37 selling points.

Diaries and address books found during that swoop have since led to tens of arrests and, most probably, formed the basis for last weekend's new

surable in an estimated 50 per cent rise in the street value of

cocaine in the city - have also revealed, however, a long-feared close linkage between the drugs gangs and the local police themselves.

Initial reports claim that 10 of those arrested were police officers while a well-known Rio lawyer was gunned down and killed for allegedly resisting arrest when his home was raided.

How far the federal police operation has penetrated the upper-echelons of the ring remains unclear, however.

plices to justice, according to Mr Lester Bird, deputy prime minister of Antigua. "Many of

the countries have agreed to hot pursuit within their own

boundaries.

The point is that the Carlbbean feels that the domestic

Both and all the secretary and agreement and the second section for The second administration of the All these securities having been sold outside the United States of America.

New Issue

UNILEVER N.V.

Rotterdam, The Netherlands

3 3/4 % Bonds 1988-1995 of Swiss Francs 150,000,000

and currency warrants issued by A HandelsBank NatWest

Zurich, Switzerland

HandelsBank NatWest

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Nomura (Switzerland) Ltd.

Nordfinanz Bank Zürich Kredietbank (Suisse) S.A. Clariden Bank Lloyds Bank Plc, Geneva Branch Amro Bank und Finanz Bank CIAL (Schweiz) Crédit Industriel d'Alsace et de Lorraine AG —

Armand von Ernst & Cie AG Banco di Roma per la Svizzera Caisse d'Epargne du Valais Fuji Bank (Schweiz) AG Gewerbebank Baden Handelsfinanz Midland Bank Hypothekar- und Handelsbank Winterthur Maerki, Baumann & Co. AG Morgan Grenfell Securities S.A. Sparkasse Schwyz

Banque Nationale de Paris (Suisse) S.A. ANZ Securities (Switzerland) Ltd. Crédit Lyonnais Finanz AG Zürich

Kyowa HB Finanz AG Bankers Trust AG Goldman Sachs Finanz AG S.G. Warburg Soditic SA

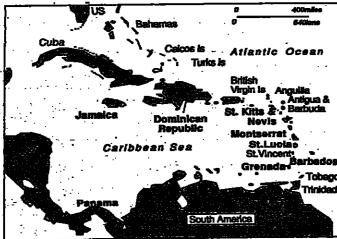
FTER their annual summit in Antigua ear-lier this month the 13 political leaders of the Caribbean Economic Community (Caricom), wrote to President Ronald Reagan complaining about "a matter which threatens to create discord and divi-sion between the friendly nations of the region, on the one hand, and the United States on the other."

The leaders agreed that the US was being overzealous in its attempts to curb the illegal trafficking in narcotics. The Caribbean leaders, in tones which indicate restrained anger, say Washington is over-reaching itself, indulging in extra-territorial jurisdiction, undermining the sovereignty
of the countries of the region
and tampering with the judicial process in several states.
The decision to send the letter to President Reagan came out of the summit's discussion of political developments in the

Heads of government also concluded, when discussing Panama, that there was an unsavoury and damaging pattern to US attempts to deal with leaders and governments

on drug trafficking.

The letter says Carlcom is concerned "at some of the developments which have entered into the investigative and judicial processes of the United States in its efforts to deal with the scourge of drug abuse and the illicit trafficking in drugs. These have involved attempts to extend domestic United States authority into the neighbouring countries of the region without regard for the sovereignty and indepen-dent legal systems of those



With increased efforts to curb the flow of narcotics to the US, particularly cocaine from South America, smug-glers have turned to the Carib-bean archipelago, piggy-back-ing on established marijuana smuggling routes.

Caricom leaders, said offi-cials at the summit, fear that US frastration at its inability to curb the smuggling could turn to attacks on governments in the region. There have been indications of official involvement in drug smuggling in the region over recent years. Former government ministers from the Turks and Caicos Islands, Suriname and Belize have been convicted in US courts for involvement in

More recently, efforts are being made in the US to indict Sir Lynden Pindling, the Prime Minister of the Bahamas, over allegations of profit taking from drugs. A recent Senate hearing in Washington was

told by a convicted US drug smuggler that Mr Edward Seaga, the prime minister of Jamaica, was a beneficiary of profits from smuggling.

Both prime ministers have

vehemently denied the charges An official report in Trinidad and Tobago, commis-sioned before the change of government 18 months ago, concluded there has been official involvement in drug smug-gling. Col Jean-Claude Paul, a controversial military leader in Haiti, which has observer status in the Caribbean Community, has been indicted on drug

charges by a US jury.

A Jamaican businessmen who was kidnapped at gunpoint and taken aboard a boat in Montago Bay on the related. north coast, was later reported to be in the custody of US law Caribbean leaders are not objecting to efforts to deal with

drug smuggling and bringing smugglers and their accom-

imperatives of an election year in the US force certain people in parts of the American politiin parts of the American point-cal process to step beyond what is acceptable in terms of international convention, and what is right for the sover-eignty of a country – countries that are supposed to be most favoured nations, that have strong links with the United States."

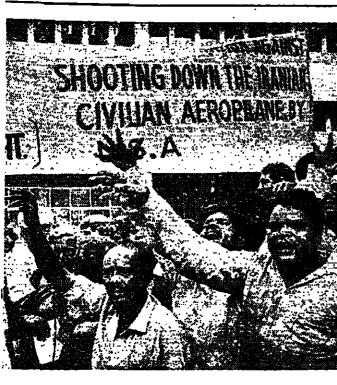
The letter to Mr Research

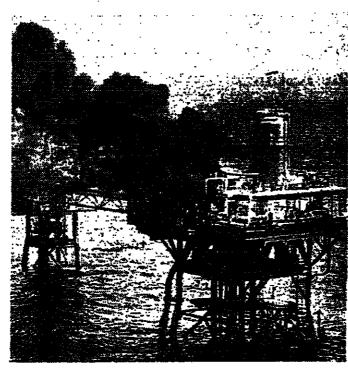
The letter to Mr Reagan makes the point that the Caribbean Community countries, like the US administration, is against the illegal trafficking in narcotics, but it complains of "accusations are made in highly publicised proceedings by persons who are often con-victed felons" and who "are permitted to assassinate the character of individuals out-side the United States without

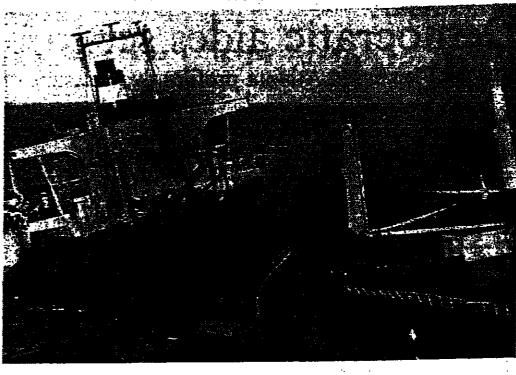
ent persons." The leaders said they "deplore any effort on the part. of anyone to subvert the principles of natural justice which are at the foundations of the democratic way of life of the Caricom countries."

regard for the rights of inno-

Had Sir Lynden been the author of the letter, the tone would have been markedly more caustic. In a speech to the opening of the summit, he levelled a broadside at the US. "The fundamental principles of respect for our sovereignty and non-interference in our internal affairs, which were established by the Monroe Doctrine . . . appear to have gone by the board."







tion, however smallscale. Iraq is in an economic strattjacket but people's expectations could

rise sharply if the ceasefire

was enforced and prolonged.

Iraqi morale has improved

since the February missile

attacks on Tehran and espe-cially since the recovery of

Iraqi territory which started in

Before the war Iraq was a country of widely differing religious and ethnic groups and diplomats say the conflict has stamped the country with a

national identity out of sheer

necessity, a cohesion main-tained by the state with great

force. It is not likely to relax

this force now. It is accepted



EARLY OFFICIAL Iraqi reaction to Iran's acceptance of UN Resolution 598 was one of extreme suspicion and wariness. Mr Latif Nassif Al-Jassem, Information Minister, said Iraq was keen to achieve peace according to the five principles laid down in August 1986 and repeated by President Saddam Hussein in his speech on Sun-day marking the twentieth anniversary of the Baath

The five principles were: full and comprehensive withdrawal to internationally recognised borders; a comprehensive and speedy exchange of prisoners of war; the signing of a full

nal affairs of each country; both countries should contrib-ute to stability and security in the region.

Beyond that, Iraq had "no official knowledge of the nature of Iran's message to the UN Secretary General and we are still dealing with a news item announced from Radio

Iran only".

Mr Al-Jassem said: "The Iranian High Command statement explaining the reasons that caused the Iranians to adopt a new stand had not stemmed from a true wish to establish peace betwen the two parties and sign a lasting and comprehensive peace accord."
Mr Al-Jassem said the IRNA

aggressor - "a language that stresses Iran's previous language." Their statement, he added, "came from the same source that issued a call for general mobilisation - and the one who wants true peace does not need general mobilisation. According to our previous experience with the Iranian regime, duty necessitates we be vigilant and in a state of preparedness until peace is

The leader of the 13-member National Council of Resistance and head of Iran's *mujaheedin*

ties for adopting another ploy.

ally agreed the first priorities for Iraq will be to see that Res-olution 598 is applied in its entirety and that this depends on the full support of all members of the Security Council – including the Soviet Union, whose deputy Foreign Minister, Mr Yuri Vorontsov, arrived in Baghdad on Sunday for talks with senior Iraqi officials. Iraq's previous phase of false optimism after the resolution

clear the UN could not enforce

They also pointed out that Iraq is emphatic about having unimpeded access to the Shatt Al-Arab waterway and that the enforcement of this and other measures will be an arduous process replete with accusations of treachery and aggression from both sides.

flicts elsewhere in the world.

"The UN could just turn out to be a useful forum for the

superpowers in dealing with regional conflicts," said Mr Gary Sick, a US National Secu-rity Council member at the

time of the 1979 Iranian seizure

of the US embassy in Tehran.
"I think this is a major break-through for the UN."

The Iranian offer is also seen

as a boost for the UN staff and, above all, Mr Javier Perez de Cuellar, the Secretary General, who is credited in New York with keeping Resolution 598

alive in the face of hostility

and suspicion from the Iranian

has an extraordinary grip on the country which will not be

Iraq is believed to be spending about \$5.5bn annually on military imports, which is largely responsible for a balance of payments deficit last year of some \$60n. They will need a large standing army for a large time and payment lines. a long time and renewed lines of credit from creditor coun-tries who are becoming increasingly concerned with the range of short term debt

Most importantly, it will be necessary to show the country that the last eight years, with their huge casualties, have been worthwhile.

Security Council resolution

EXTRACTS from United Nations Security Council Reso-lution 598 (1967) adopted by the Security Council at its 2,750th

meeting on July 20 1987:
The Security Council, resifirming its resolution 582
(1986), deeply concerned, that,
despite its calls for a coassilve, the conflict between Iran and the conflict between tran and Iraq continues unabated. . . deploring the initiation and continuation of the conflict, deploring also the hombing of purely civilian population centres, attacks on neutral shipping or civilian aircraft, the relation of international violation of international humanitarian law and other laws of armed conflict, and, in particular, the use of chemical weapons contrary to obliga-tions under the 1925 Geneva Protocol: acting under Articles 39 and 40 of the Char-

ter of the UN:
1. Demands that, as a first step towards a negotiated setment, Iran and Iraq observe an immediate consecue, discon-tinue all military actions on land, at sea and in the air, and

inio, at see and in the air, and withdraw all forces to the internationally recognised boundaries without delay.

2. Requests the Secretary-General to dispatch a team of United Nations Observers to verify, confirm and supervise the ceasefire and withdrawal and further requests the Secretary-General to make the necessary arrange-ments in consultation with the parties and to submit a report erson to the Security Coun-

war be released and repatri-

5. Calls upon all other States to exercise the numost restraint and to refrain from any act which may lead to further escalation and widening of the

6. Requests the Secretary-General to explore, in consultation with Iran and Iraq, the question of entrusting an impartial body with inquir-ing into responsibility for the conflict and to report to the Security Council as soon as

8. Further requests the Secretary-General to examine. in consultation with Iran and Iraq and with other States of the region, measures to enhance the security and sta-

Wary Iraq adopts cautious optimism over ceasefire

statement described Iraq as the

which claims to have 22 brigades fighting against Iran from Iraqi bases, said: "Iran must not be allowed to play for time and seek new opportuni-

It must not be allowed to refrain from signing a peace Diplomatic observers gener-

Diplomats also pointed to was passed last July, and the disillusion that set in by the end of August when it was

THE SURPRISE Iranian

announcement was yesterday

hailed as a long overdue filling for the United Nations, which

has seen its prestige and credi-

bility as a world peacemaker

drain away through nearly eight years of the war. Diplomats and government

officials say at least a part of the credit for Iran's decision to

the creon for Iran's decision to accept a ceasefire must go to the new-found cohesion of the UN Security Council, which unanimously passed Resolution 598 a year ago and has since backed it up strongly. They say the US-Soviet-co-oper-

ation which made this persis-

tence possible could create out

Unofficial Iraqi reaction to the news, however, was one of muted elation, as though peo-ple did not really believe the ceasefire has been agreed. But private street reaction was in marked contrast to the dour and heavy-handed official

Diplomats said it was prema-ture to talk of any demobilisa-

UN enjoys new-found confidence

a diplomat said yesterday in New York. But the Iranian offer to comply with Resolution 598 comes after eight years during which the conflict seemed to symbolise the weakness of the UN as the main international body dedicated to maintaining world

From the outset of the war, the Security Council faced deep Iranian distrust because it has not come out with a clear condemnation of the Iraqi. invasion: This raised questions about the authority of the UN to mediate a conflict where Iran insisted it was wronged

cessive mediation efforts by the UN staff — including a mission by Mr Olof Palme, the late Swedish Prime Minister who was appointed as special representative - could not

from the autuint of 1981, suc-

make much progress.
Diplomats say that it was US-Soviet rivalry which peralysed the Security Council in the early 1980s and the new cordiality in superpower relations since Mr Mikhail Gorbachev took power in Moscow chev took power in Moscow which has strengthened the council. The Soviet Enloy is finding the UN a useful place for resolving conflict and the US is belatedly reaching the With Iran boycotting the UN

ated without delay. . .

cenflict, and thus to facilitate the implementation of the present resolution.

bility of the region. . .

Ceasefire may take effect in 10 days

By Robin Pauley, Asia Editor

of Defence said in London last night: "We are monitoring the situation carefully. Until the tensions in the Gulf are clearly MR Javier Perez de Cuellar, the UN Secretary General, said yesterday he hoped a ceasefire between Iran and Iraq could. take effect in a week or 10 days seen to have reduced, it would be premature to change our pattern of operations." The following Iran's acceptance of a Security Council ceasefire resolution Foreign Office was more opti-International political reacmistic, saying the Iranian move was an extraordinary tion to Iran's announcement was generally welcoming but heavily tinged with "wait-and-see" caution. Economic reacand very welcome break-through. "On the face of it, it

looks like we are on course for was more enthusiastic peace. All the signs are good, with spot crude oil prices jumping - and the gold price said another. Within hours of Iran's falling - as traders guessed announcement the Canadian that Opec might be a more Government announced that it cohesive cartel if Iraq and Iran, both founder members, did was resuming normal diplomatic relations with Tehran. stop fighting. The two countries will In Bahrain, Congressman William Dickinson, senior Republican on the US House of about a year and Canada hopes to reopen an embassy under a Representatives' Armed Forces Committee, said: "Maybe we can get the hell out of here lower-ranking official by Octo-

Jordan and Egypt, strong backers of Iraq in the war, welnow. If they [Iran and Iraq] stop shooting up those tankers, we've got no business being comed the latest developments. Mr Hani Khasawneh, Jordan's Information Minister, said it was an "honourable decision." But there was a more guarded reaction in Washing-But he added: "We are waiting ton. "If it's a step toward the to see if they mean it."

Both Britain and the US end of this war, it certainly is a positive step. We hope that Iran follows through with it.

refused to predict whether or when their naval vessels might be pulled out of the region. The US has 27 ships in the region and Britain has nine. US officials insisted they wanted to see how the Iranian because of the war, were being statement was equally guarded. The Ministry practical deeds. statement was translated in

Shippers give cautious welcome

By Lynton McLain

THE PATTERN of commercial sailings in and out of the Gulf is unlikely to change a great deal in the immediate future, despite the acceptance by Iran of the ceasefire which appears to have lifted the threat of mil-itary action against tankers operating in the Gulf.

The news of a prospective ceasefire was welcomed by the shipping industry in London. a closure of the Straits of Hormuz, the bottleneck for all vessels wishing to enter the Gulf. Shipping analysts in London said that while the pattern of vessel movements in the Gulf probably would not change greatly, it was likely that Iran would seek to boost its oil production and exports. Merch

bank analysts suggested Iran had funded its war by oil exports and by using its reserves. It might by-pass Opec oil production quotas. Container shipping and bulk shipping were likely to be less affected by any ceasefire. No boom in these trades can be expected, analysts forecast. Navy patrols are likely to continue in the Gulf. The Ministry of Defence said the Royal Navy Armilla Patrol for UK registered merchant vessels

Marine insurers relieved but still sceptical cargo's value to cover a voyage-WAR-WEARY marine insurers have been attacked or damto war zones such as Sirri

at Lloyd's of London greeted

reports of an end to the Gulf conflict yesterday with expressions of gratitude leavened

sions of gratitude leavened with a degree of scepticism. So many ships have been hit - culminating in an attack last Friday by Iranian gun-boats on the Liberian-regis-tered Sea Victory - that underwriters are hardly eager to begin cutting premium rates before receiving hard evidence that the war is really over that the war is really over. Since the first shipping losses were reported in May 1981, 546 vessels are known to

aged in the area, 94 of them in 1988 alone, according to Mr Roger Lowes, casualty report-ing officer in the Lloyd's intelligence department.
A further 75 vessels trapped in blocked Iranian waterways

since summer, 1980, have been declared total losses. The impact of the conflict for

the insurance market was at ago. Between December 21 1987 and January 14 this year shipowners seeking to insure their cargoes had to pay a pre-mium of 0.75 per cent of the

News that a ceasefire by Iran might be imminent reached the underwriting room at about 2 pm yesterday. The first reac-tion from Mr Christopher Rome, chairman of the Lloyd's

Island or ports on the Saudi Arabian or Iranian coastline.

Underwriters Association, was: "It must be extremely good news. Obviously, if a ceasefire holds it will undoubtedly lead to reduction in rates."

However, he warned that underwriters were unlikely to begin cutting rates until they

boat people

evacuated

Hong Kong

By Our Correspondent in

NEARLY one thousand Victnamese boat people living on board two ferries in Hong

Kong harbour were evacuated to shore camps yesterday, as Typhoon Warren approached.

"We've lost a great deal of money in the Gulf, and there's still a need for us to be receiving additional premiums to make some of it up." As far as hull insurance is

had confirmation that the risk

of attacks really was receding.

concerned, premium rates for Gulf war risks - which are insured for periods of only two weeks at a time - are set in the open market in London. Mr Rome expects that if the market behaves as it did during previous conflicts, such as the Vietnam War, prices will decline only gradually.

OTHER OVERSEAS NEWS

of Resolution 598 a precedent side. "He has enjoyed the trust in the settling of regional con-

Free Mandela, says Afrikaner newspaper

By Anthony Robinson in Johannesburg AFRIKANERDOM'S biggest

circulation daily newspaper; Beeld, yesterday called for the release of Mr Nelson Mandela, the jailed African National Congress leader, in an editorial marking his 70th birthday. Beeld, which usually supports the National Party Gov-ernment, said Mr Mandela was a more effective part of the ANC's propaganda war in jail than as a free man. The Government was risking more by keeping him in jail than releasing him, it said: "There will never be a better time to free

said Mr Dan Howard of the US

Defence Department.
The British who, like the

Americans, have a strong

naval presence in the Gulf

Foreign reaction, and the sacks full of birthday mail from abroad, showed that Mr Mandela had acquired "a larg-er-than-life status" in jail which would be difficult to sustain once released, the editorial argued.

Perhaps the most important question to ask was whether South Africa wanted to go down in history as a country which let an old man die in jail while there was still a chance to negotiate with him about the aspirations of his people," Beeld concluded. Meanwhile Mrs Winnie Man-

dela, wife of the jailed leader, yesterday presided over a low-key press conference in Johannesburg during which supporters read out telegrams from foreign politicians and churchmen and a message from Mr Oliver Tambo, the

ANC's exiled president.

Asked to explain the absence of big spontaneous demonstrations of support by ordinary black people, Mrs Mandela replied: "Not even the family would have welcomed demonstrations which would have exposed the masses to police intimidation."

Organisers nevertheless appeared embarrassed at the passive acceptance of government bans on planned con-certs, football matches and other events in contrast to the mass support of millions who stayed away from work for three days in June to protest against new labour laws and the ban on 17 anti-apartheid President François Mitter-rand has appealed to South

Africa to free Mr Mandela.

Sunday night, Mr Mitterrand praised Mr Mandela's courage,

saying he had devoted his life "to the service of the ideals of justice, dignity and liberty". "At the moment when France prepares to celebrate the bicentennial of the revolution and the Declaration of the Rights of Man, I appeal again to the South African Govern-Mandela." he said In a statement issued on

ment to mark its desire to open a path for dialogue finally among the communities of South Africa by freeing Nelson Mr Mitterrand's office said the President also sent a private message to Mrs Winnie Mandela.

Conditions in the already overcrowded refugee camps are worsening as a result of the latest influx.

Adding to the problem, another 260 refugees in eight boats were picked off Hong Kong yesterday, bringing to over 4,500 the number of arriv-als since the Government introduced its screening policy for Vietnamese refugees one

month ago.

Many of those now arriving are being classified as economic migrants, and will therefore eventually be repa-triated to Victoria under the terms of the new screening

Talks opened yesterday in Bangkok aimed at establishing a regional policy towards the boat people. Present were officials of the United Nations High Commission for Refugees as well as representatives of the Association of South East Asia Nations and Hong Kong.

Hong Kong | Shamir denies PLO deal on West Bank

By Our Correspondent in Jerusalem IF ISRAELIS had any doubts that they were on the thresh-

old of one of the most acrimo-mous general elections in 40 years, they must have been disabused by a bitter exchange yesterday between Mr Yitzhak Shamir, the right-wing Likud Prime Minister, and a Labour member of his "national unity"

The wrangle was provoked by Mr Bassam Abu-Sharif, a spokesman for the Palestine Liberation Organisation, who told a French agency reporter in Baghdad that Mr Shamir had offered to hand over administration of much of the occupied West Bank to the PLO in return for Palestinian recognition of the Jewish State and an end to terrorism.

Mr Abu-Sharif claimed that Mr Shamir had relayed these proposals via President Nicolai' Ceausescu of Romania. Not surprisingly, as neither Likud nor Labour wants to be seen as soft on the PLO, the Prime Minister's office immediately denied the story.

But Mr Moshe Shahal,the Labour Energy Minister, retorted that Mr Shamir had put the ideas in writing to Mr Ceausescu. He accused unnamed Likud MPs and the

Prime Minister's chief of bureau, Mr Tzahi Hanegbi, of being involved, adding for good measure that Mr Ariel Sharon. the Trade Minister, was pursuing the proposal during a visit this week to Bucharest.

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A. Carlo

Mr Shamir hit back yester-day in an interview with Israel radio, accusing Mr Shahal of spreading "an obscene lie". Mr Avi Pazner, his spokesman, added: "The Prime Minister denies the whole story from A to Z. He never had, and never will have, anything to do with the PLO, directly or indi-

But that was not the end of the affair. The contentions proposals read very like a plan drafted a year ago by Mr. Moshe Amirav, a Likud activist, and supporters of the PLO in Arab East Jerusalem. Mr. Amirav was subsequently repudiated by his party, from which he was found. which he was forced to resign. Mr Amirav said yesterday that two days before leaving for Bucharest, Mr Shamir had asked him for a copy of his plan, which had been negotiated with the Prime Minister's knowledge but not with his approval. "Shamir wanted to the what amounts of the prover what amounts of the state of the same what amounts of the same who was a same who wa know what agreements we came to," Mr Amiray said.

Shultz stirs anti-American feeling in S Korea By Our Correspondent in Seoul

MR George Shultz, US

Secretary of State, yesterday stirred up rather than soothed growing anti-American feeling in South Korea with trenchant remarks on one-sided trade He was far from apologetic

about strong US demands for further opening up of the South Korean markets to tobacco, beef and citrus products. Mr Shultz had been expected, publicly at least, to try and stem the tide of antirestrictions on US cigarettes.

Instead, he went on the offensive. He criticised the time it had taken South Korea to abide by Gatt rulings (General Agreement on Tariffs and Trade) and the country's attitude to free trade.

kets to be open and that is as far as it goes," he said. "That's not an open world trading system. It has got to be recipro-

"You [South Korea] sell Americanism, largely brought more grapes and tobacco in the on by the easing of import United States than we sell here. You wouldn't like us to

take more action. If by saying that I provoke anti-Americanism, so be it. I am going to stand up for the principles I believe in.

The 1987 trade deficits between the two countries was nearly \$10bn in South Korea's While far from conciliatory

on the subject of trade imbal-ance, Mr Shultz took the expected line on democracy in South Korea, the military threat from North Korea, and the recent initiative by President Roh Tae Woo aimed at easing tension in the divided nation.

He praised the Korean people as "pace setters" in the worldwide trend towards democracy, and restated that US military forces would remain in South Korea "as long as the people and governments deem them necessary to ensure peace".

Mr Shultz said he was "upset" at the Soviet Union for supplying surface-to-air mis-siles and MIG fighters to North Korea and wondered at the reasoning behind it.

High on the agenda during his discussions with President

Roh and Foreign Minister Choi Kwang Soo was the South's overtures of rapprochement to the Communist North.

These paved the way for America to renew diplomatic and trade ties with North Korea – suspended after terrorists blew up a Korean airliner last year - but Mr Shultz said the US would not "jump into anything".

"Our behaviour will be based on what is most likely to be beneficial to the reduction of casions on this peninsula," he

WORLD TRADE NEWS

Japan in Rs30bn deal to update Indian steelworks

A JAPANESE consortium consisting of Nippon Steel, NKK Corporation, Kawasai Steel, Sumitomo Metal Indus-tries and Kobe Steel has won a ernment-owned Indian Iron and Steel Company (USCO), a subsidiary of the Steel Author-

ity of India An initial agreement with the Japanese consortium has been signed for carrying out an on-site survey of the steel-works at Burnpur and for submitting a report to the steel authority on its modernisation.
The study, expected to begin

later this month, will cover technical and commercial aspects of the contract for modernisation which is expected to cost Rs30bn (£1.25bn). The Japanese Government has so far indicated that it will

provide a soft loan of Y63bn (£283m) to cover the consulting engineering services compo-nent, but this is expected to be considerably enlarged later. The IISCO modernisation

contract is part of a substantially larger plan to modernise the entire Indian steel indus-try, including the public-sector

Business in

move on

trade in

services

By William Dulliorce in

PRIVATE businessmen from 10

countries have decided in

Geneva to co-ordinate their efforts to influence the negotia-

tions on the liberalisation of world trade in services. Coalitions of service indus-

tries from five countries in the

European Community - Bel-gium, Britain, the Netherlands, Spain and West Germany - and

from the US, Japan, Australia, Canada and Sweden, agreed on

a paper spelling out the objec-tives they want to see realised

in Gatt's Uruguay Round.
The aim, they said, should be an international agreement

addressing the interests of both consumers and providers

of services.

It should be a legally binding document, setting out fundamental principles for liberalising the trade.

The agreement should provide a mechanism for adminis-

tering it and resolving dis-putes, it should open the way

for specific negotiations or individual service activities.

The two-day meeting was the

first time the 10 national

had sat down together to deter-

mine how to put across the businessmen's point of view, Ms Margaret Wigglesworth, executive director of the US

Coalition of Service Industries,

Service providers and con-

sumers will now be invited to co-operate with trade policy officials in their own capitals

and in Geneva. The businessmen are looking

for "concrete progress" on an international services agree-

ment by the time trade minis-ters meet in Montreal in

The agreement should be

signed no later that at the end of the Uruguay Round in 1990. Among the principles the businessmen want included are the freedom to establish

branches, subsidiaries and joint ventures in other countries

As many Gatt countries as possible should sign the services agreement, the businessmen said, rebuffing suggestions that it might be confined to developed economies and a few newly industrialised nations.

GEC contract

GEC, the UK electronics group

has won a contract which could eventually be worth \$150m (£88m) for supplying radio transmitters to Voice of

America, the oversess broad-casting organisation funded by the US Government. GEC said this would be the

world's largest contract for high-powered transmitters. Its subsidiary, Marconi Communi-

cation Systems, will initially be

supplying Voice of America with 10 transmitters for \$57m. Voice of America has an

option, which it is expected to

exercise, to buy a further 22 transmitters for \$93m.

tion from US and Ruropean

As part of the deal, the

group has agreed to finish

manufacturing the transmit-

Mr Andrew Glasgow. Mar-

coni's managing director, said he was confident the deal

would unlock further contracts

with broadcasters around the

ters in the US.

GEC said the contract had

from Voice

of America

By Hugo Dixon

plants at Durgapur, Rourkela, Bhilai and Bokaro, and the privately-owned Tata iron and steel company at Jamshedpur.

The Soviet Union will get a big share of the contracts to modernise the Soviet-built plants at Bhilai and Bokaro. Soviet companies have also bid for the Durgapur plant but the contract is expected to be

won by British Steel Corpora-tion, while a West German group will modernise the Rourkela plant. The planned modernisation

will take about six years and is expected to generate orders for capital goods worth more than Relicion, at least half of which will go to Indian companies.

The Indian government-owned Maruti Udyog, the car manufacturing company in which Suzuki Motor of Japan has a 40 per cent share, will start making a new 1,000cc model for the domestic market next year in addition to its highly noming 200cc care highly popular 800cc cars and

Part of the extra funds for the project will be provided by Suzuki which has raised its original 25 per cent stake in

the company. It has now decided to reinvest its Rs10m share of Maruti's first 5 per cent dividend announced by Maruti's chairman, Mr V. Krishnamoorthy, over the

Mr Krishnamourthy said the company had made a profit of R284.4m in 1987-88 which is substantially higher than the previous year and enabled it to announce its first dividend earher than expected.

Government approval for the new 1,000cc model has been obtained and its manufacture from next year will be with 70 per cent Indian equipment and

Mr Krishnamoorthy agreed

that the company's plans for indigenisation were progressing slower than expected and this was because it did not want to sacrifice quality.

The decision to make the new car means that it is now highly unlikely that government approval will be given to other applicants for collaboration. tion with Indian companies for manufacture of new models. The foreign companies con-cerned include Honda of Japan.

ECGD warns exporters on trade with Hong Kong By Peter Montagnon, World Trade Editor

warned exporters about growing commercial risks arising out of doing business with

Hong Kong.
"Claims due to default by private buyers in Hong Kong have worsened dramatically in the last year. And claims made to the ECGD have trebled, while recoveries were minimal," it said in a newsletter to

customers.

Its warning is related only to commercial risk in Hong Kong and does not represent an assessment of the longer-term political risk that might arise as China prepares to take over the territory in 1997 Put it is the territory in 1997. But it is nonetheless rare for the ECGD to single out a particular mar-ket in this way.

A spokesman said the warning was part of a policy of exchanging more information with its customers which reflected the ECGD's more aggressive marketing effort. It

BRITAIN'S Export Credits wanted to remind customers of Guarantee Department has potential risks even in markets they traditionally regarded as safe, he said.

Following the introduction of a new marketing policy. business insured by the ECGD has begun to rise. Last year the department insured short-term exports worth fill 2bn, an increase of 2 per cent. In the first three months of the current year which started in April, the rate of increase has accelerated to 4

The ECGD gave no figures for its increase in claims against Hong Kong buyers, but it is understood that they relate to long-term capital goods sales as well as ort-term exports.

Hong Kong's economy it said, was growing very rapidly. "You must expect spectacu-lar successes in buoyant mar-kets — and some crashes at times," the spokesman said.

Japanese envoys warn on trade to South Africa

cern yesterday about Japanese industries' trade with South Africa, and said the Government should take "proper measures" against this, a Foreign Ministry official said, AP

reports from Tokyo.

The official said the envoys made the request in a meeting with Prime Minister Mr Noboro Takeshita. The envoys also called for

more Japanese economic aid to African nations and for Japan to invite African officials to visit Tokyo, he added.

"We expect the visit to Japan by African officials," Mr Takeshita was quoted as telling the envoys. The Prime Minister

JAPAN'S ambassadors to 18 also said he would try to pronations.

> Earlier, Mr Sosuke Uno. Foreign Minister, told the ambas-sadors the Government would strictly monitor moves by Jap-anese companies trading with South Africa, another ministry official said. Mr Uno had spo-ken at the opening of a three-day meeting of the envoys, he

Recent [trade] figures [with South Africal show a decline, but if there are firms that increase their trade volume this year, they will have to be socially disciplined," Mr Uno was quoted as saying.

Thomson shares \$300m Hawk missile contract

By Paul Betts in Paris

THOMSON-CSF, the French state-controlled defence and electronics group, has been awarded jointly with two other leading European defence con-tractors, MBB of West Ger-many and Selenia of Italy, a \$300m (£176m) contract to upgrade the Hawk Missile pro-

The contract has been awarded by the North Atlantic Treaty Organisation.
The French group, which confirmed the Nato order yesterday, is also interested in

new acquisitions in the US to boost its defence operations. Mr Noel Cavelloux, head of Thomson's weapon systems branch, indicated that the French group was looking into the possibility of acquiring a defence subsidiary of Bendix from the US Allied group.

The French group, like other European defence contractors, has been showing growing interest in US acquisitions at a time when several major US defence-related conglomerates have been seeking to shed some of their defence assets.

Thomson SA, the parent company of Thomson CSF, is company of Thomson-CSF, is also understood to be watching closely the situation at Zenith after the US electronics group announced it intended to sell, its television set manufacturing subsidiary accounting for about 17 per cent of the US

The French group is also seeking extra capital funds from the French government to reduce the level of its indebtedness following the RCA acquisition.

INDIA'S Prime Minister, Mr Rajly Gandhi, has concentrated on commercial and economic links during his three-day visit to Turkey rather than forging a new diplomatic alliance. His open agenda for talks with Turkey's Prime Minister, Mr Turgut Ozal, and senior Turkish officials has sought increased co-operation in all

ment has been a railways cooperation agreement which includes a provisional turnkey \$25m (£14.7m) award to the Construction for electrification of the Sincan-Eskisehir section of the Arifiye to Eskisehir line.
A second agreement pro-

Car plant closures reflect severe over-capacity

Rover cutback will cost 3,400 jobs

Rover Group plants

ROVER GROUP is to close its Cowley South works at Oxford and the Llanelli Pressings plant in South Wales with the loss of about 3,400 jobs.

The state-owned car-maker told union leaders of the decision yesterday, three days after the terms were finally agreed for its acquisition by British Cowley South, which

employs about 2,500 assembling the Montego and Massito ranges, will be phased out during the early 1996s. Lianelli, which employs 900 making body pressings, will close in

end to intense speculation ahout Rover's plans for capac-ity reductions in the wake of disclosures made during last week's negotiations over BAe's proposed purchase of the group.
The European Commission closely tied its approval of a 2547m Government cash injec-

tion into Rover to the car group's proposals for radical cuts in capacity, contained in its 1988-92 corporate plan. Until then the proposals had remained a secret, but last-minute reservations by BAe over the Commission's terms for the cash injection focused attention on the small print of the deal and brought the rationalisation plans to light.

Assembles Mini. Metro, Rover 200; Couriey, Oxford: North Works South Plant South Plant Rover 800 Montego, Massiro body panels Land Rover Body pressings Administration, product & design engineering 8.500 engineering Suspension, brake 1.800 R & D Fuel injection système, oil pumpe Small pressings, components

Rover emphasised that the decision to close the operations had been taken in the light of severe over-capacity in some of its plants and was not infin-

its plants and was not infinenced by BAe's proposed takeover. The corporate plan had
been drawn up before BAe's
approach, it said.

Mr Graham Day, Rover's
chairman, told union leaders
that the closures would have
gone ahead whichever company had taken Rover over.

If the group had gone into
the hands of another motor

manufacturer, he said, the rationalisations and redundan-cies would have been much

The closures come as little surprise within the motor industry. Cowley South had been widely tipped as the most likely candidate for restructure ing because the two models it builds are both due for early

The pressings operations are suffering from overcapacity, exacerbated by Jaguar's recent decision to take its custom to a

Growth in economy buoys tax revenues

Mr Day told the unions that By Philip Stephens, the Austin Rover car subsid-**Economics Correspondent** lary would concentrate small and medium car production at

icint venture it is setting w

Longbridge and executive car

production at Cowley. Body pressing would be conentrated on Swindon and Cowley.

Trade unions, which had broadly welcomed the BAe takeover, yesterday reacted angely to the closures, saying

the plan had been carefully concealed from themselves and

went ahead.
The Transport and General

Workers' Union said: "There is

no doubt that without the attention focused on Rover by

the takeover proposal, the workforce and the trade unions, would not now be learning of the planned closures."

There was not, however, an

accompanying threat of indus-trial action. Rover hopes that

trial action, abver inspect that by giving a long lead-in time to the job losses, it will be able to achieve a high proportion of them through natural wastage, relocation or voluntary redun-

closed down by Rover and its predecessors in the last 10

years include Speks (Liverpool), Ahingdon, near Oxford, Solibull and Canley in the West Midlands,

mortgage interest rates may also have affected demand.

Outside London the house

price boom is continuing, according to the Institution.

More than 90 per cent of estate agents questioned in Wales

reported price increases of

more than 8 per cent during the three months to the end of

June, Agents in the north-east and north-west of Rogland also

BUOYANT GROWTH in Britain's economy produced a further surge in tex revenues last month, suggesting that the surplus in the current financial year is likely to be twice the tibn forecast by the Treasury

in the Radget.

The overshoot will provide scope for both substantial scope for both substantial increases in public spending and for skeable tax cuts in next year's Budget, although the current upsures in inflationary pressures in the scoromy is likely to encourage a cautious suproach by the Treasures.

The Central Statistical Office reported yesterday that there was public sector borrowing requirement of £39m in June. That meant that in the first three months of the 1988-89 year which began in April there was a net repayment on surplus of \$1.6bn compared to

the £1.5bn of borrowing in the same period a year earlier. The Treasury has already The Treasury has already abandoned its forecast of a sin surplus for the year but has declined to publish a new figure. It has similarly acknowledged that both the pace of economic growth and inflation will be higher than it expected — both factors likely to push up revenues — and that the current account deficit will above its original projection of 24bm.

tion of 24hn.
It is thought that the Treasury's unpublished forecasts point to growth this year of about 3½ per cent, a rise in the annual inflation rate to a peak of 6 per cent early in 1968 and a widening in the current account gap to £10tm. Yesterday's figures for the

public sector borrowing requirement also indicate that the Government will overshoot its £5bn target for privatisation

In the first three months of the year receipts from asset sales tetalled £2.85n and the Treasury will receive a further £2.2bn in August from the BP sale. That means that any receipts this year from the planned sale of British Steel in Manusa sale or similar Steet in November will represent an overshoot in the £5bn target. The impact on government, revenues of buoyant growth in earnings, consumer spending and company profits was reflected in a 9 per cent increase in tax receipts in the three months to June com-pared to the same period a year earlier. The Treasury cau-tioned that the increase did not take account of the tax cuts announced in the Budget, which will reduce revenues

from his month.

Public spending, meanwhile, has been remarkably subdued,

Building societies are poised to raise their mortgage rates by up to two percentage points in the wake of the hanks' half a point rise in base rates yesterday. However, most societies believe that a further base rate

Safety to weigh in | London house price rises begin to slow oil licence awards By Andrew Taylor, Construction Correspondent

THE GOVERNMENT yesterday promised to take account of oil companies' safety records when issuing its 11th round of licences to produce oil in the North Sea and other British waters. Announcing the new areas to be offered to the oil indus-

try, Mr Peter Morrison, Energy Minister of State, said: "The safety record of appli-cants and their current arrangements in respect to safety will, as before, be factors taken into account in deciding

the award of licences."
Whitehall officials conceded that although safety was always considered in the licensing process, Mr Morrison's explicit reference to it yesterday underlined concern over

the recent disaster on Occiden-tal's Piper Alpha, which claimed 166 lives. Since the late 1970s, licen-sing rounds have been con-ducted every two years. There

THE CONSTRUCTION boom in

Britain has generated a huge increase in demand for lifts

which is stretching the UK's production capacity and caus-ing tensions between construc-

tion companies and lift suppli-

Sales of passenger-carrying lifts in the UK last year

jumped by almost a quarter to 4,700 units are on course to

rise a further 10 per cent this

The unprecedented rise in

demand has been partly responsible for a 20 per cent

increase in the price of lift systems over the past two

It has also led to severe shortages of skilled installa-

tion workers and a re-think of

ers.

will be 212 blocks or part-blocks on offer in the 11th round, 50 per cent more than in the 10th round. Most of the new acreage is in

the main oil producing areas of the North Sea, but for the first time areas east of Orkney and in Cardigan Bay off the coast of Wales will be on offer. The licences have also been structured in such a way to

ensure that acreage is not left unworked for long periods as has sometimes happened in the Except in some deep water blocks, licensees will have an initial six years, during which they must complete an agreed work programme or relinquish

They may then keep the remaining 50 per cent for up to 30 years but if after 12 years of the 30 year term no field devel-

opment has been approved the licence might be withdrawn.

production policies by some lift makers. Otls, the US lift maker

THE PACE of house price prices level off. Fears of an imminent rise in

increases in London has slowed considerably during the past few months. past few months.
In some parts of the capital, house prices have been standing still, according to the latest survey by the Royal Institution of Chartered Surveyors, which covers the three months to the end of June.

The reports of a slowdown provide the most concrete evidence yet that the London dence yet that the London house price boom could be coming to an end. At the same time, the survey shows the house price boom continuing unshedd in most other parts of England and Wales.

One factor behind the London slowdown, estate agents say, is the approach of the August 1 deciding for the ending of multiple mortrages tax

August I deadine for the ending of multiple mortgage tax
relief on single properties.
Potentials purchasers are bring an end to the property
holding beek from busing until
then in the loop that competition and the south east.

reported rising demand for Just over half of the 180 estate agents questioned by the Institution in England and Wales reported increases of more than 8 per cent during the three months. The First Time Buyers Asso-

Building boom elevates the lift market

ness, a subsidiary of the US
Dover Corporation.

The biggest UK-owned producer is Express, a GEC subsidiary which is the number two supplier behind Otis in the UK market.

Some 20 the US

for prime contracts because they are so busy.

"We have heard of difficulties in the supply of lifts but it has not delayed any of our jobs," said Bovis, with supply expenditure, the best proxy for departmental outlays, only I per cent higher in the first three months of the financial year than a year ear-Mr Mike Allen, director of Trafalgar House's building

David Barchard writes: uilding societies are poised to e is in the offing and are delaying making any amnouncement for the next few

days. Halifax, the largest UK building society, is now expected to put its rates up from August 1 from 9.8 per cent to between 11.25 and 10.75 per cent.

Otis, the US lift maker which is the UK market leader with a claimed 23 per cent share, is attempting to shift export work carried out at its Liverpool factory to other Otis plants outside Britain in order to free space and manpower. The total UK market for pessenger lifts, dumb waiters and lift repair and refurbishment work is about 2360m a year, according to the National Association of Lift Makers. Sales of passenger lifts are dominated by foreign-owned companies, many of which have UK production sites. These include Schindler of Switzerland, Kone of Finland and Hammond and Champ-	Dover Corporation. The biggest UK-owned producer is Express, a GEC subsidiary which is the number two supplier behind Otia in the UK market. Some of the multinationals are thought to be on the point of bringing in installation staff from the Continent to cover skill shortages in Britain. None the less, the problems do not appear to be causing delays to the hig construction projects in and around London where demand is strongest. But tensions are arising between lift makers and construction companies over delivery times. Some lift makers are also declining to tender	"We have heard of difficulties in the supply of lifts but it has not delayed any of our jobs," said Bovis, In Mike Allan, director of Trafalgar House's building companies group which includes Trollope and Colls, said that due to "careful preplanning" it was experiencing no hamediste problems in lift supply. "However there is no doubt that the pressure is mounting and it is certainly becoming and it is certainly becoming apparent that widely varying delivery times are becoming as important as the tender price of lifts." Westinghouse deal, Page 19	outlays, only I per cin the first three mo financial year than lier. David Barchard Building societies arraise their mortgag up to two percentag the wake of the bar point rise in base raday. However, most believe that a further increase is in the are delaying mal amnuncement for the days. Halifax, the largesting society, is now e put its rates up from from 9.8 per cent to 11.25 and 10.75 per cent.
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# Gandhi seeks to boost links with Turkey

By Jim Bodgener in Ankara

spheres, but particularly eco-

The most concrete developstate-owned Indian Railway vides for maritime co-operation in the use by either countries' vessels of their ports,

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FINANCIAL TIMES

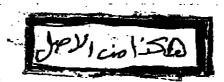
Jaquar roared to outright Peugeot's 405 won the lion's Share of the share of the votes to become 1988 'Car of the Year. However, pride in Coventry isn't

Myles Mackie or Margaret Docherty on 0203 831332.

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# Amstrad signs patent access deal with IBM

By Hugo Dixon

AMSTRAD, the UK electronics company, and International Business Machines, the world's largest computer manufacturer, have signed an agreement to give each other access to their computer patents.

However, soon after the deal was announced yesterday, a controversy broke out about the details and significance of

Mr Chris Alder, an IBM spokesman, said the deal involved a lump-sum payment by Amstrad to IBM. But Mr Alan Sugar, chairman of Amstrad, said: "He obviously does not know anything about the contract if he told you that."

Mr Sugar refused to divulge details of the contract, saying they were confidential and that it was "boring" to be quizzed about them. He also denied that Amstrad would be paying IBM any royalties for the use

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of it patents - a point Mr Alder confirmed.

Mr Sugar said the agreement would make it easier for Amstrad to design new prod-ucts and would remove any doubts that might have existed about Amstrad's right to pro-duce its present range of com-

Analysts said the agreement should clear the way for should clear the way for Amstrad to launch a new range of high-powered personal computers later this year. In particular, Amstrad is thought to be interested in producing a computer which is compatible with IBM's new range of PS/2 computers. computers.

However, Mr Alder said yes-terday that Amstrad was "not going to be able to produce PS/ 2 clones by a long way". He said the agreement did not allow Amstrad access to Micro Channel Architecture, the spe-cial circuitry used in PS/2 com-

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# Balancing growth in the gardens of Kent

John Hunt looks at the planning implications of the Channel tunnel

ENT has been tradi-tionally depicted as the garden of England, a bucolic county of cak-beamed cottages nestling among pretty orchards and hop fields. Most travelers form this picturesque, if somewhat inaccurate, image as they hustle through the county on the train to the cross-Channel ports of Dover and Folkestone.

But every day for the past week a group of about 100 peo-ple has gathered in the large hall of a community centre outside Maidstone to argue bout how the county will be changed by the economic development brought by the opening of the Channel tunnel in 1993.

The planners, the private developers and the conservationists are locked in argument on the merits of Kent County Council's proposed structure plan, which lays down the development strategy for the

county up to the year 2001.

According to the conserva-tionists, the Kent planners have been far too eager to embrace the doctrine of growth propounded recently by Mr Nicholas Ridley, the Environ-ment Secretary, and to an even greater extent by Lord Young, the Trade and Industry Secre-

The environmental organisations and some parish and dis-trict councils fear that it will lead to encroachment into the green belt of land around urban areas, where development is subject to strict legal control.

It could equally, they argue, release too much farmland for development, and encourage a rush of high-technology indus-tries and out-of-town shopping

The county planners say that these fears are unfounded and that priority will be given to the needy areas of north Kent such as the Medway towns of Rochester, Chatham and Gillingham and east coast towns like Deal, Margate and

Mr Brian Briscoe, Kent county planning officer, told the hearing that the structure plan had struck the right balance between the needs for development and the importance of the environment and conservation.

"The issues involved in stri-king this balance have to be carefully and objectively



assessed, unswayed by emotion or special pleading from what-ever quarter," he said.

The Kent Trust for Nature Conservation, the Council for the Protection of Rural England and the Royal Society for the Protection of Birds for the Protection of Birds have nevertheless joined forces to make sure that conservation is given greater weight in the plan. They say it relates con-irols to such an extent that it

Mr Mike Clarke, conserva-ion officer for the RSPB,

county between 1991 and 2001.
The federation wants this increased by nearly 15,000 to bring the total to 67,500.
It says the council's proposals do not take fully into account the increased housing demand arising from accountic demand arising from economic growth.

The cornerstone of the county's economic policy is the encouragment of multirational corporations.

The federation believes that a key requirement for this will be provision of a suitable range of housing to attract foreign

Local people take a different view. At the hearing Mr David Young, of Burham Pariah Council, complained of plans to build on the east bank of the Medway near Markstone in an area overlooked by the North high proportion of the Kent countryside is designated as being of great conservational peng of great conservational:
worth or special scientific
interest. He believes the plan
tilts the balance in favour of
development and wants it
reworded to lay greater emphasis on protecting such areas.
In contrast, Mr Mike Adams
for the House-Builders Federation has grand formabilly for

Professor Gerald Smart of Lendon University, who has Lendon University, who has been chairing the examining panel with unfailing patience and good humour, sently told him: "The fear that you will have to walk along the roof tops is rather exaggerated. But people do get worried about this."

# Auditors lose claim for Bank indemnity

By Raymond Hughes, Law Courts Correspondent

ARTHUR YOUNG, the City of ARTHUR YOUNG, the larger of the London accountancy firm which faces damages citims exceeding fallow ever file collapse of Johnson Matthry Bankers, has falled in the High Court to be indemnified by the Bank of England.

The firm has been sued by Manual Pipance (formerly bigance (formerly

Minories Finance (formerly Minories Finance (formerly Johnson Matthey Bankers) and Johnson Matthey, formerly JMB's parent, for alleged breach of duty at anditor to JMB and to the Johnson Matthey Gramm

Matthey Group.
The Bank of England rescued JMB in October 1996 after it had become insolvent. it had become inscivent.

The case against Arthur Young is that in its audita between 1981 and 1983 it should have discovered and reported the way JMB's business was being conducted and that had it done so much of the loss austained by JMB and Johnson Matthey would have been avoided.

Arthur Young, which denies

Arthur Young, which denies the allegations, claimed that, if it was under any liability, it was entitled to an indemnity or contribution from the Bank of England.

Dismissing that claim, Mr Justice Saville said yesterday that its basis was that the Bank had owed a duty of care to JMB and Johnson Matthey to carry out its function of supervising UK banks with reasonable skill and care and had failed in that duty.

Therefore, Arthur Young had argued, if Johnson Matthey and JMB were right in asserting that losses could have been avoided had Arthur Young discovered what was going on, by the same token those losses would also have been avoided or reduced had the Bank fulfilled its duty.

The Bank contended that it had no migh duty.

The judge said that Arthur Young elleged that the failure of the Bank to act with reasonable care and skill lay in carrying out carelessly, or failing to carry out, the very investigations and checks which the Broth had decided more appro-Bank had decided were appro-priate in the course of exercising its supervisory functions.

# will become a "developers'

CLOSURE or amalgamation of chemistry and physics departments at up to 10 universities

versities without any substan-The UGC, which is responsi-

those subjects.

While the committee will probably emphasise the need for more physics and chemistry graduates, the first stage report is also likely to argue that departments should be above a certain size if they are

The UGC will consult widely

If the approach based on minimum size is adopted, then closures or amalgamations of tain. However, the UGC was eager to dispel suggestions that it had already prepared a

# CEGB head defends power plans

bility that Spennymoor could

pean market.

Generating Board wants to build more nuclear power stations because they are the best economic choice and not because it is being ordered to do so by the Government, Mr Gil Blackman, the board's vice

chairman, said yesterday. Mr Blackman, who accompa-nied Mr Cecil Parkinson, Energy Secretary, on a tour of the Sizewell B nuclear power station construction site in Suffolk, south east England, nevertheless defended the Board's decision not to giveevidence on the economics of coal-fired electricity generation at the forthcoming inquiry into plans for a Hinkley Point C plant in Somerset.

He said it was not necessary to compare nuclear and coal costs since proposals for Hink-ley Point C were aimed specifically at complying with Gov-ernment policy on diversity of fuel sources.

Opponents of the Hinkley plan have been given the go-ahead by Mr Michael Barnes, the inquiry inspector, to submit evidence on coal and nuclear cost comparisons. They claim that a coal-fired station would be cheaper.

Opposition groups have also claimed that the inquiry will be a guessing game until the Government announces precise details of its plans to privatise the electricity supply industry.

Mr Parkinson said yesterday that he would be announcing full details of the migratisation. that he would be announcing full details of the privatisation proposals before the end of December. The Hinkley inquiry is to start in October.

Sizewell B, Britain's first pressurised water reactor (PWR) nuclear power station. due to begin supplying electricity in 1994.

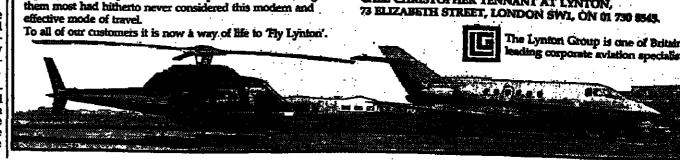
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# TEST FLY A CORPORATE JET OR HELICO

The Lynton Group's experience in advising profitable, fast expanding companies how to use a corporate aircraft efficiently and to budget for its operation accurately, is renowned. There are many household names who have chosen Lynton to care for all aspects of their corporate aviation requirements and amongst them most had hitherto never considered this modern and



# University science departments face cuts By David Thomas,

**Education Correspondent** 

could follow a review by the University Grants Committee.
This could leave some uni-

tial science capacity and is likely to be fiercely opposed by the universities concerned. ble for distributing Govern-ment funds to the universities, is undertaking a string of sub-ject reviews which have already resulted in departments being closed or down-graded. It is approaching its review of physics and chemis-try in two stages because of the size and importance of

The first stage, which it aims to complete by the end of Sep-tember, will set out criteria for re-organising Britain's physics and chemistry effort.

to be effective.

on the first stage report before producing its final report, prob-ably next year, which will con-tain recommendations for individual departments.

departments are almost cerlist of universities where phys-ics and chemistry would be dropped.

# **Opencast** coal profit suffers

Weish Correspondent

parmission to open new sites in South Wales will lead to a drop of £8m in the profit made by British Coal's opencast executive this year.

£270m. British Coal made a loss of £340m on all its

Work on the scheme, which is supported by the local and regional government, will begin next year if planning permission is obtained.

To overcome any possible

the year-long miners' strike began in 1984.

# BNA has turned a difficult year into a good one.

June 1988

ngue Internationale à Luxembourg S.A.

The Mitsubishi Bank, Limited

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Crédit Lyonnais

By Anthony Moreton,

DIFFICULTIES in obtaining

Mr Bryan Riddleston, regional opencast director, forecast that profits this year would be about £28m, though he said that improved working in England would make up the

Last year, opencast working nationally made a profit of

Mr Riddleston was speaking at the unveiling of a plan to open a 617-acre site in Merthyr Tydfil which is thought to have reserves of over 5m tonnes. British Coal believes this would be the largest land reclamation project in western Europe and will last for some

opposition, British Coal will defer a proposal to begin working on a nearby site, Trecatty South, which has been strenuously opposed within Merthyr.

Assuming the Merthyr pro-posal goes ahead, British Coal would expect to push output in South Wales back above the 2.2m tonnes achieved before

Electrolux to invest £25m on electric cooker works By Christopher Parkes, Consumer Industries Editor ELECTROLUX, the world's nent under the group's various biggest kitchen appliance maker, is to spend £25m on its electric cooker works at Spenbrands. However, Electrolux's cooking appliance division is still highly fragmented. With at nymoor, north east England. Two new automatic production least six factories manufacturlines will increase output. ing for local markets in Europe, executives admit that almost 15 per cent to 320,000 cookers a year by mid-1990.

The investment brings the the group has too many plants. While the Spennymoor development is almed mainly group's total capital expenditure in the UK this year to £57m. It also raises the possi-

tion has argued forcefully for more housebuilding than is

allowed for in the plan. There is provision in the document for 52,800 new dwellings in the

The Spennymoor cooker works was formerly part of Thorn EMI's loss-making appli-ance division, bought by Electrolux for £42m a year ago.

Mr Roger Baxter, managing director of the gratib's UK subsidiary, said the cooker business was already turning in profits of about 5 per cent of

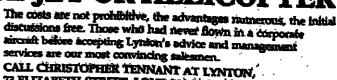
profits of about 5 per cent of sales after several years of large losses under Thorn's management. He was siming for at least 10 per cent, he said.

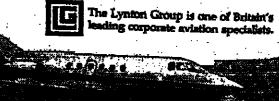
Other recent group investments include a £17.75m package, announced in March, and shared between the former.

Thorn refrigerator works at Spennymoor, the Luton vac-uum cleaner operation, the UK microwave oven and compo-

development is almed mainly at supplying the UK market with Zanussi, Tricity and Elec-trolux cookers, "a long term-objective is to realise the export potential... which will start with net export sales of £3m in 1988," the company become a main source of cookers for the continental Euro-Group policy dictates that, where possible, manufacturing should be centralised to obtain Electrolux also announced yesterday a £250,000 investeconomies of scale. All European microwave ovens are made in Luton north of Lonment in plant and 50 new jobs ments businesses and a filam four-year programme for the Parkinson Cowan gas cooker factory at Stechford, Birmingat nearby Peterlee Production is being transferred from Italy into a factory formerly used to make Zanussi don, for example, and all the group's front-loading washing machines are manufactured in Italy for sale across the contimicrowave ovens. THE CENTRAL Electricity

> Last remaining floors: Entire floor: 29,000 sq ft. Halffloor: 12,000 sq ft. Spectacular river views Air conditioning/car parking





nies, the agricultural sector and export financing, have risen by 5.3%. The net profit, which increased by 6.8% allows a dividend payment of 185 lire for each payer

Total deposits

Capital funds

As indicated by its results, BNA has

re-affirmed itself as an active bank in a

year which has proved difficult for the

Customers' deposits have increased by

4.2% whilst lending, mainly directed

rowards small and medium-sized compa-

entire Italian banking system.

Net profit

Customers' deposits

Loans to customers

savings share and 175 lire for both ordinary and preferred shares, · Internationally, efforts were made to concentrate the Bank's resources in those activities offering better returns. • The BNA network numbers 231 Bran-

billion Lire

billion Lire

20,346 billion Lire

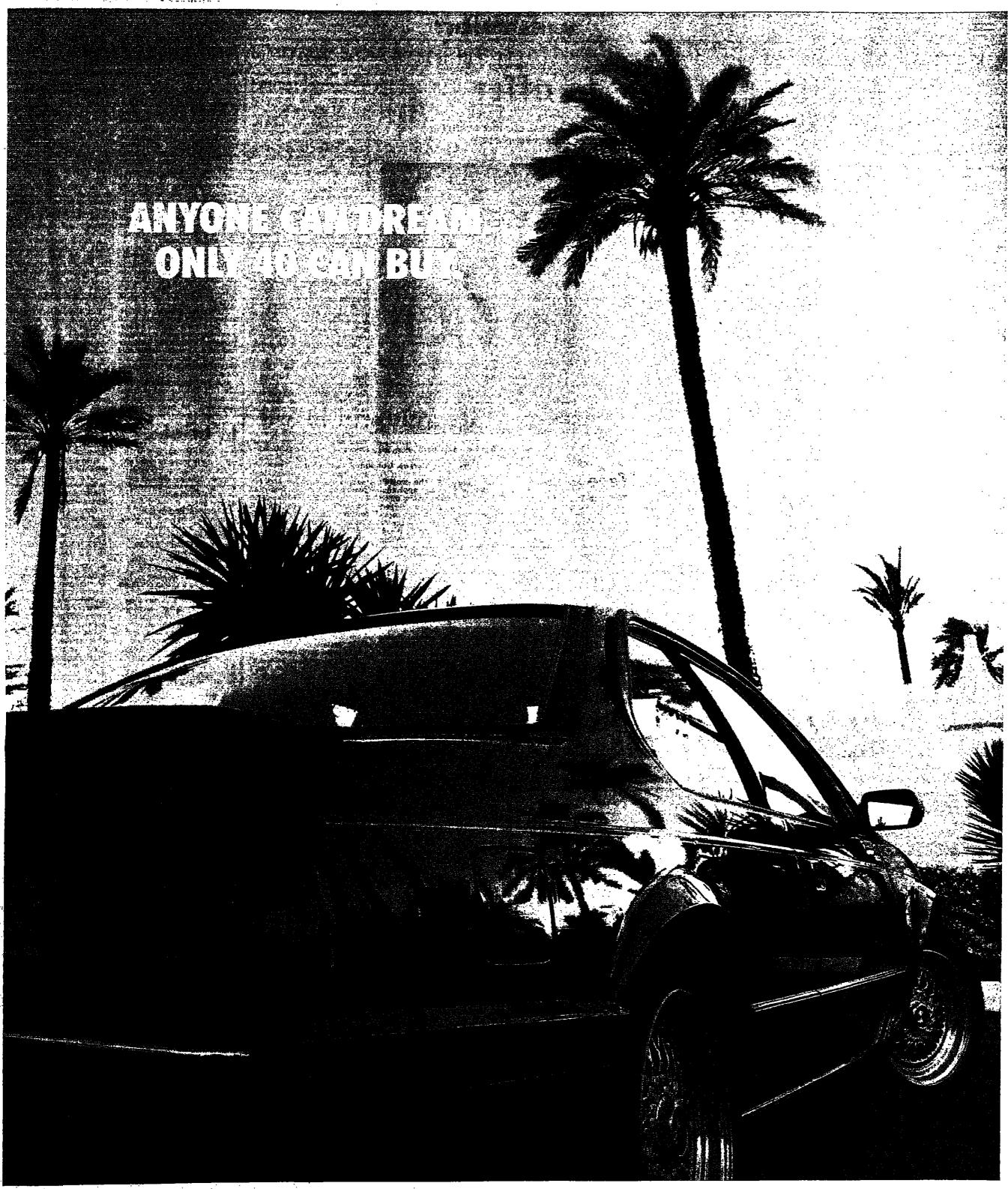
976 billion Lire

56.7 billion Lire

12,967

8,713

ches in Italy, in addition to those in London, New York and Hong Kong and five Representative Offices which operate on the major financial markets throughout



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fter spending most of his working life running companies in the food industry Adrian Bazar sold out and stepped down at the end of last year. Now, at the age of 57, he is looking for a small business which could benefit from some of the capital he has built up and, equally important, from his experience.

"Tve a certain amount of time on my hands and I want to get back into the excitement of business without working full-time," Bazar explains. "Small businesses want an investor and a friend they can talk to while I want to get a bit In the US, according to some of a kick and increase my capiestimates, business angels tal. It's a natural marriage."

Adrian Bazar is just one of a growing number of moderately wealthy people in Britain who, on retirement or sometimes earlier in the course of their business career, decide that the stock exchange and unit trusts are not for them and opt for a more personal form of invest-.

Known as "business angels" in the US, where there is a more established tradition of private finance backing small business, private individuals are starting to emerge as an alternative source of finance in Britain for the small company which is unable to raise money from more conventional

This is partly the result of tax changes in recent years which have allowed people to retain more of their earnings and capital gains for investment and partly the result of greater efforts to bring investors in touch with entrepre-

Paradoxically, at a time when formal sources of small firm finance such as venture capital organisations, Business Expansion Scheme funds and special loan packages from the bankshave proliferated, there is a growing need for the private investor.

The private individual does not apply the traditional criteria to his investment decisions; he brings none of the high fees associated with conventional fund-raising and, unlike the banks, he does not require the entrepreneur to make over his home and business as security.

Mike Hall, managing director of The Suffolk Cider Company, spent a dispiriting 18 months trying to raise £100,000 for his business and reckons he knocked on 150 doors - without success."The venture capitalists and merchant bankers we spoke to were looking for mega-profits very fast while we were taking a seven-year view," he says. "In retrospect we should have asked for more money because they didn't full-time employee of the com-

Private financing

# Money and time to offer

Individuals in the UK with sizeable amounts of cash to invest are increasingly emulating US practice of backing small firms. Charles Batchelor reports

A network of angels

have twice as much money available for investment in small businesses as the profes-sional venture capital industry. The private investor still faces the problem of finding suitable investments, however.

To help the two sides find each other, Bill Wetzel, professor of business administration at the University of New Hampshire, launched the Venture Capital Network in July 1984. The original network covers the New England states but 16 other affiliates have been set up in North Carolina, Illinois, and Toronto.

Entrepreneurs seeking funds provide a summary of their business and its performance while would-be investors sup-ply information on the proits which interest them. If an investor expresses interest he is put directly in touch with the entrepreneur. The charge to entrepreneurs is \$100 for a six-month "exposure" while the investor pays \$200 for a

year's membership. The network has been used by about 400 investors and 600 businesses since it was launched, according to Helen Goodman, project director. Any deals which are done remain confidential but Goodman estimates 16 companies have raised a total of \$5m from about 40 investors.

Based on the experience of the New England network the typical US investor is 47 years-old, very well educated, financially sophisticated and often a self-made businessperson. He (or she) will invest \$25,000-\$100,000 in each of one or two deals a year and wants to be involved in the business which ideally is based locally. Business angels are patient investors, taking a seven to 10-year view compared with the three to five-year horizon of professional venture capital-

The appeal of private invest-ment capital is similar in the US to Britain. Young often high-technology companies without a track record are Often unable to attract bank or venture capital funds. The business angel fills the gap.



Mike Hall (left) with Stephen Western and Paul Morgan: knocked on 150 doors - with no success

want to invest less than £250,000." Suffolk Cider, which had

turnover last year of £100,000, is now looking for a further £250,000 to allow it to expand

Hall finally managed to raise the money he wanted with the help of a number of private investors contacted through the London Enterprise Agency. Prominent among these investors was Paul Morgan, who decided at the age of 29 and after a career in sales at ICI and Marley Floors, that he wanted to involve himself in a small company.

Morgan put up £25,000 of his savings for a 12 per cent stake in Suffolk Cider and earlier this year joined the company full-time as sales and marketing director. "I was only ready to invest if I could have a hand in how the money was spent,"

pany in which he has invested, bringing much-needed market-ing expertise, most investors are less closely involved. Nevertheless, they are frequently able to bring their own man-agement skills in production finance or marketing to bear, reflecting their own business backgrounds.

Most small companies welcome this but some prefer to have passive investors who do not involve themselves. Others prefer to have several small private investors rather than one or two large ones who might exert undue influence though large quoted compa-nies, too, dislike this sort of

"Some have retired with a golden handshake; others are small businessmen who have sold out and want to start again; others people in their 20s in the City who are looking for an alternative way to invest," says David Wood, gen-eral manager of LINC, a clear-

ing house for investors set up by the London Enterprise Agency and 12 other agencies around the country. An informal syndicate of a dozen north-east investors set

up earlier this year to invest in local small companies comprises businessmen, gentlemen farmers, stockbrokers, accountants and industrialists. The problem facing the pri-vate investor – and one which makes many professional advisors uneasy about encouraging

him to put his money into the small company - is how to judge whether it is a good People who invest in small companies through a Business Expansion Scheme rely on the expertise of the BES fund manager. People who invest

directly in the small company have much less to go on. The private investor must rely on gut feel, his judgment of the people involved and his own experience of business. Paul Morgan says "one taste" of Suffolk Cider's product con-vinced him there was a wider market for it. But he followed this up by spending three weekends at the company's farmhouse premises at Woodbridge, near Ipswich, looking at their books and getting to know the people involved.

Apart from the satisfaction of helping a small company grow, what are the financial rewards for the investor? Most take a very long term view of returns. Paul Morgan expects to wait three years before any dividends are paid on his shares but he is hoping for a payback if the company goes public in five years as planned. Many of these investments are at too early a stage for the benefits to have yet flowed through though it is the fail-ures which manifest them-

selves before the success Constance Blackwell, a for-mer university teacher, was so impressed by the craftsman-

ship of Period Ironworks, a two-man company which put up some cast iron railings in front of her London home, she decided to back the company's expansion with £30,000 of her own money. But 18 months later the company ran into cash-flow difficulties while carrying out sub-contract work for a large construction group and went into liquidation.

Chris Howes, founder of the company, is attempting to build a new business while paying off the debts so Black-well does not regard her investment as lost.

"I knew perfectly well it was a flyer when I went into it but I basically felt there was a mar-ket for these products," she says. In retrospect she wishes she had been able to devote more time to Period Ironworks to help it overcome the organisational and other management weaknesses which

emarged.
Some investors, like Constance Blackwell, come across investment propositions in the course of their daily lives. But most people do not, so a more co-ordinated attempt to bring investors and entrepreneurs together is being made by a growing number of organisa-

LINC was set up in April 1987 to link the local investment "marriage bureaux" which had been set up by individual enterprise agencies during the 1980s. The agencies have helped 11 companies raise £557,000 from private investors so far this year. Another source of invest-

ment ideas is Venture Capital Report, a monthly publication which provides its subscribers with about a dozen investment prospects in each issue. Indi-viduals account for about a quarter of its subscribers and are the most enthusiastic investors in the companies it features, according to Lucius

Cary, the editor. Local, informal syndicates of investors, like the one in the north-east of England, are also on the increase while the CBI is promoting, so far without success, the idea of Local Investment Companies, which would confer BES-style tax reliefs on private and corporate investors in local small busi-

For most investors, though it is the excitement of helping a small firm grow which is the main incentive. "These are people who find investing in the stock market safe but dull," says Cary. "You can't phone up ICI and be helpful."

LHIC, 4 Snow Hill, London ECTA 2BS. Tel 01-236 3000; Venture Capitel Report, Boston Road, Healey-on-Thames, RGD 1DY. Tel 045 579955; Venture Capital Hervort, PO Bos 582, Durham, New Helmpshire 03624, US. Tel

# Making accounts add up

By Charles Batchelor

TOO MANY small firms unless the business owner is bundle their accounts into a trained he is best advised to shoebox and hope for the best use a part time experienced with fewer than 20 employees

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You could almost certainly ernment's Small Firms Service have difficulties with their time on keeping the records accounts, according to John the guide states. Your time is cope, Small Firms Minister and himself an accountant.

A free guide* to help the small business handle its financial affairs more effi-ciantly has now been produced by the service. "Small busi-nessmen are often daunted by a subject which seems complex and expensive," says Cope.

We aim to change this."
For the very small business handling only cash transactions the guide recommends one of the proprietary account-ing systems which publish specially designed books to keep daily and weekly records of

For the small business which sells on credit and issues up to 200 invoices a month, it suggests the analysed cash book system. The cash book is backed up by two temporary folders and two arch files as a permanent store of original

For the larger business still the full double entry bookkeeping system is most appro-priate but, the guide suggests,

which seek the help of the Gov- earn more profits running the business than spending excess

> Many people starting a new business regard making a profit as being crucial for survival. Equally important and often overlooked is having enough cash at the time it is

A small business's accounts must provide enough informa-tion in the right form to allow the owner to judge the likely state of future profits and cash. They must also show which parts of the business are healthy and which need atten-

But, the guide warms, it is a waste of time to produce a lot of figures if they are not used to manage the business. By this it means making decisions which will affect the future in the business's favour and then acting on them.

*Accounting for the Small Firm, available from Small Firms Centres by dialling 100 and asking for Freefone Enterprise.

## In brief...

SMALL COMPANIES, particularly those in inner city areas with high crime rates, frequently find it difficult to arrange insurance cover for their premises and

A National Enterprise Insurance Scheme to provide insurance for all small businesses which were started with the help of an enterprise agency or Business in the Community, the agencies' umbrella organisation, has been launched by a group of Lloyds of London underwriters.

The underwriters say they do not undertake to be the cheapest on every risk but they hope, by taking on a spread of risks, to be able to provide wider cover to companies in problem are: Freepost, Stafford Knight

& Co. 4/5 London Wall Buildings, London EC28 2ES. Tel 01-628 3135. MA SURVEY of the role of .

is being carried out by the Business Development Unit of Manchester Business School. The aim of the research

is to discover the range and level of service being given to small businesses and investigate the scope for

further development.

Contact Colin Risner. Business Development Unit. Manchester Businesa School, Booth Street West, Manchester M15 6PB. Tel 061-275 6333.

■ SMALL FIRMS are making growing use of the services of management consultants thanks largely to the launch earlier this year of the Enterprise initiative almed at providing them with subsidised consultancy help The Institute of

Management Consultants (IMC) has created a Growing Small Businesses Interest Group to look at the problems small firms face and the role consultants can play in solving them.

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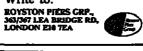
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#### **TECHNOLOGY**

ONE PICTURE, they say, is worth a thousand words. Lately, the computer industry has taken this truism to heart. Whether it is the introduction of "graphical user inter-faces" for personal computers, or the recent launch of superworkstations capable of producing sansational three-dimensional images or the use of supercomputers to create animated graphics, the trend is towards pictures, rather than words, on the com-

tims adj

Wordsmiths need not despair. It takes a lot more computer power to digitise and manipulate complex graphics than it does to perform even the most sophisticated word DEOCESSIDE.

An example of the computer power needed to create such images is one of the latest superworkstations in Apollo's Series 1000, which the company calls a "personal super-computer". Like competing products from Sun, the Apollo machine features RISC (Reduced Instruction Set Computer) architecture. It delivers anything from 15 million instructions per second, in a single processing operation, up to between 60 and 190 MIPs when multiple processors are

However the cost of such "graphics processors," comput-ers optimised to handle graphics applications, is gradually coming down.

A sure sign of the trend comes from research papers published recently by several leading US and Japanese semiconductor manufacturers describing chips that process and store images. These chips appear to be destined for the next generation of personal computers.

In the meantime, however, the price tag on graphics pro-cessing remains rather high. The new class of graphics supercomputers, from compa-nies such as Ardent Computer and Stellar Computer, delivers similar processing power to the earlier Cray supercomputers. Ardent claims that its Titan machine provides up to 64 mips (millions of instructions

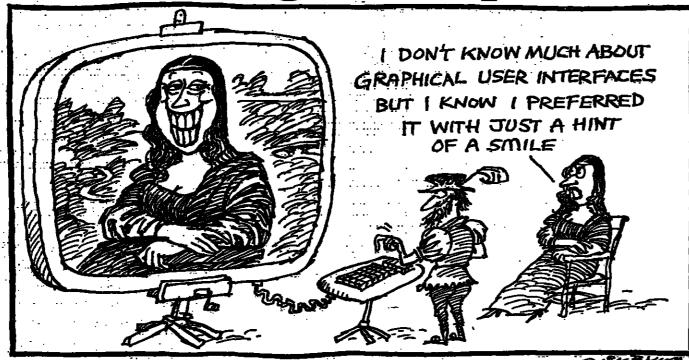
per second.)
But although the cost of such power has dropped dramatically from many millions of dollars to a price in the region of \$20,0000 to \$160,000, machines like the Titan are still beyond the means of many

potential users. More widely used are so-called "superworkstations," in the \$50,000 to \$80,000 price range from Apollo, DEC, HP, Silicon Graphics and Sun, which can be used in conjunction with higher performance computers, or in a stand alone

and the state of

**EAGLE EYE** 

Computer graphics put nearly everything in the picture



~ RKBKER

Users of graphics computers span a wide range of industries, from aircraft designers to movie makers, from chip makers tg genetic engineering researchers, and from oil explorers to spies. Each has a reason to present or to analyse large quantities of data.

Beyond that, however, they have little in common and one

of the factors retarding runaway growth in the graphics processing field is a lack of agreement on standards on how to produce images on a computer and on what kinds of functions are generally needed.

Playing games

Today's computer graphics technology is a far cry from the video games of the 1970s, but entertainment is still a sigbut entertainment is still a sig-nificant driving force behind developments in graphical computing. Some of the most advanced software for generat-ing computer graphics has been applied to creating special effects for movies and televi-

sion.
Using a Cray supercomputer

and graphics workstations, a Los Angeles group, Digital Productions, created animations for the movie "Last Starfighter," transforming bare bones engineering drawings into fully animated video images of spaceships moving through space.

While moviegoers were impressed, the high costs of computer animation eventually sank Digital Productions. According to a former executive at the company, Larry Yaeger, now principal engineer at Apple Computer, the cost of producing such fully animated sequences ran from \$2,000 to \$9,000 per second of finished

The technology required to produce advanced computer graphics is, however, quickly coming down in price with the emergence of a new generation of "3-D Graphics Workstations" offered by companies such as Stellar Computer, Silicon Graphics, Appollo Computer, and Ardent Computer. Using a 8-D graphics work-

station, animators at the Walt

Disney Company created traf-fic scenes, city landscapes and several other backdrops for "Oliver and Company," a new Disney feature film which will ed in November.

The use of computers has taken some of the drudgery out of creating moving backdrops for the new Disney characters and freed the character animators to concentrate on more creative aspects of the produc-tion process, says Tina Price, a Disney animator who has done some of the computer work. The computer system is particularly good at creating and manipulating geometric objects, she says. "It is difficult

for an animator to keep perfect perspective on an object as it moves; the computer is very good at that," she explains. None the less, computers have their limits, according to the Disney animators. It seems unlikely that Mickey Mouse will ever appear on a computer screen. "We have a whole department of people who ani-mate characters far better than

any computer," says a Disney

And while 3-D workstations have the capability of creating solid-looking objects, Disney uses them only to outline objects, preferring to hand paint surface detail. "The resolution of the computers is just not up to par," explains Tina Price. Another complaint is that the system is too slow

when handling complex

Power-hungry

Aircraft designers at Boeing are also hungry for more computer horsepower in their graphics workstations. About 10 to 100 times the power of currently available machines would be desirable, says Garry Bills, principal engineer at Boeing's recently inaugurated Computational Fluid Dynamics Laboratory in Bellevue, Wash-

ington.
"Computer workstations that can generate video images in real time have revolutionised the way scientists and engineers go about their jobs. Rills says, but "still, they could

The new laboratory provides supercomputer and high performance graphical workstat-ion facilities to Boeing's aircraft designers.

Using these computers, they can in effect simulate and analyse wind tunnel experiments on proposed aircraft designs to determine their aerodynamic

properties.

Displaying the results of such tests graphically, in pictures that resemble the con-tours on a map, enables the designers to see flow patterns and to spot potential problems and correct them.

Equipped with a Cray super computer, 17 Silicon Graphics workstations, and three Digital Equipment minicomputers, the Boeing Laboratory has brought together computer resources that were previously distrib-uted around the aircraft company's facilities.

By cutting out the delays associated with transmitting complex programs and large bodies of data on computer net works, and by upgrading the computer workstations uced by engineers, the laboratory has reduced the typical response time of the computer system from around three days to eight seconds. The productivsubstantially enhanced," says

There has been rapid prog-ress in the development of graphic workstations over the past few years, Bills concedes, but adds: "You aint seen noth-ing yet." He preducts that the next few years should bring advances of even more dra matic impact.

**Great expectations** 

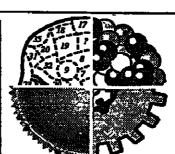
"There is a huge gap between what people want from graphics workstations and what the computer makers are offering," observes Michael Burwen, president of the Palo Alto Management Group, a

consulting group.

The objective, says Burwen, is an affordable computer that can produce video images in a fraction of a second. "The want it to look like a \$70 mil lion flight simulator at a cost of a few thousand dollars," Burwen explains.

He believes that unreason ably high expectations of what computer workstations can do have been created by the publication of impressive computer generated picturest that in fact took weeks to create.

The products offered by companies such as Stelar Com-puter and Ardent Computer represent the "beginning of a new industry," says Bur-wen."They are not the solution, but they may foreshadow a new generation of truly capa-ble systems."



WORTH WATCHING

Edited by **Geoffrey Charlish** 

Fire brigade database

FIRE BRIGADE headquerters throughout the UK are to be connected into a national database held at the Fire information National Data Service, Bradford University The idea is to make as mu information as possible available to senior fire officers, ing the results of research carried out by indi vidual brigades, and working practices, particularly in rela-tion to unusual fires.

Maivern, UK, is providing terminal to each of the 63 UK brigade headquarters and the system is being set up and run by Bradford University using their maintrame computers. A user can extract information from the database another brigade if nece

Computers in control

IN A £20m factory refurbishment at Aberdare, South Wales (for making the wires and cables used in house wiring and domestic appliances), the Italy-based Pirelli group has incorporated a computer integrated manufacturing (CIM) system cost-Ing £3m.

Believed to be the first comprehensive CIM system in the European cable industry It uses over 100 IBM and GEC computers, with system soft-ware developed by SEIAF of Italy, a software company jointly held by the Italian Gov-ernment and IBM. The system will act as a pliot for the Pirelli group and other factory conversions are likely.
All aspects of production are managed by CIM systems.
The computers form a hierarchy. At Pirelli, an IBM System 38 at the ten 36 at the top, looking after agement aspects of the business, is connected to two

networks, one for office and the other for factory comput

To avoid picking up electrical interference, the latter uses an optical fibre network to control production machines automatic guided vehicles and other handling equip-

Cable production involves drawing the copper wires, suiating and sheathing the by plastic extrusion, and "lay-ing up" (combining them into multi-wire cables and armour-ing if necessary). Bobbins of wires and other materials are carried between stores and machines, and between achines, by the AGVs and handling devices. Customer orders come over

data phone lines or are keyed into the management computer, which controls product data, inventory, production scheduling and control, mate rials acquisition, costing, pur-chasing and similar Information. Then, appropriate data goes to the other computers which ensure order fulfilmen with a minimum of work in

Success for water-free wiring SPECIALIST MATERIALS

mpany Raychem of Swindon in the UK is offering a system called Rayblock to provide a solution to the probiem of water ingress into vehicle wiring systems. Whenever a wire's manu tured plastic coating is moved, for connection into a plug or socket for example. water to cause insulation problems.

of the US-based company's heat shrink sleeves and a hot-mett adhesive. One version consists of a sleeve with an integral inner ring of adhesive, for use at the multi-wire cable entry to a plug for example. On applying a mod-erately hot air stream, the sleeve shrinks over both cable and entry tube, forcing the melted adhesive betw the connector wires and against the tube's inner surface. The result is a complete

Variants of the system are available for sealing the joined ends of cables and for dealing with large multi-wire cable bundles. A range of installation equipment can be supplied including hot air guns and infra-red he

CONTACTS: Raychem: UK office, 0783 28171. Pirelli General: 0708 834356. Tandata: UK.

# Businesses Wanted

## **ELECTRICAL OR HEATING CONTRACTING**

COMPANIES A heating services company with head office in Bedford specialising in domestic and industrial central heating installations and house modernisation and refurbishment for the local authority market seeks to broaden their operation.

The company wishes to acquire an established contracting business with a proven track record. The prospective business will have C.O.R.G.L. S.F.A.S. or N.I.C.E.I.C. registration, with a turnover

Should your business wish to become part of an expanding organisation which intends to spek a stock market quotation within the next two years, then please contact

Box H3687 Financial Times, 10 Campa Street, London, EC4P 4BY

#### WANTED BY SMALL FAST GROWING GROUP

Private companies in South East area involved in sub-contracting, plant hire, construction, property development and nursing/rest homes.

Principals only, please write in strictest confidence to Box H3541, Financial Times, 10 Cannon Street, London EC4P 4BY

#### **Building Products/Construction** Industry

Plc wishing to broaden range of activity seeks businesses to acquire in the following markets

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(over 100 years old) is interested in take over of/partnership with a well established garment importur/wholesaler in

a) Ledies //men's casual/young fashion and/or b) baby and/or childrenswear

We are one of the leading garment exporters in Asia with head office in Hong Kong and own offices throughout The Far East and Europe with own fashion teams to develop ranges 2-4 times a year.

We now wish seriously to intensify our business in the United Kingdom. Interested pursues should contact: The UK Manager, Tel: 0423 711955 or Write Box H3661, Financial Times, 10 Cannon Street, London EC4P 4BY

## WANTED

- LIFT SERVICE BUSINESSES - HEATING & VENTILATION BUSINESSES

Rapidly expanding lift service company seeks acquisitions. Will pay up to £3 million cash. Please address replier in Box 1962, Rossold Thees, 70 Canan Syart, Louise ECSP 48Y

PLASTICS DIVISION OF INTERNATIONAL GROUP Successful in injection blow moulding of technical components now seeks to expand into Britain by acquisition of companies in similar field with turnover range probably £1 - 5 million. Financial and technical support can be provided to the confidence of the provided to the successful companies and those experiencing difficulties. It is expected that existing management and workforce would be relained.

Write in full confidence to: Box H3681, Financial Times, 10 Camon Street, London EC4P 48Y

WANTED Sealed Unit Manufacturer, preferably with toughening facilities, required by fast-expanding Home Improvement Group. Outright purchase or part share holding considered. Location preferably in the Midlands, but anywhere below Nottlingham sonsidered. Total confidentiality and a quick decision assured.

Contact: Alan Maracy (Managing Director) on 8276 682641, or write to: Unit 2E. Albany Park Ind. Estate, Frimley, Camberley, Surrey GU15 2PL

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Diventiture or management buy-out will be supported by international group experienced in successfully taking small companies to major growth posture, taking public and then successfully selling out.

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Mortgage/Insurance brokerage with FIMBRA registration required by established interna-tional financial Services Group. Principals only. Write Box (1346), Phoneiol Times, 10 Campa Street, London BCAP 487

PRIVATE WEST MIDLANDS ENGINEERING CO Manor Management, Mapor Drive. Sutton ColdSeld, West Midlands.

**PLASTICS** MANUFACTURING An engineering and plantes group wishes to diversify into custom moulding and pultrusions. Write in confidence to Box H3660.
Planneist Timos. 10 Cannon Street,
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Consideration can be either in shares or cash, together with share continue for him to the consideration can be either in shares or cash.

Please send outline details in the strictest confidence to Past Marwick McListock (Ref. MRR), City Square House, 7 Wellington Street, Leefs LS1 4DW.

EXPANDING OFFICE/ CARPET CLEANING COMPANY Seeks to acquire cleaning com-panies or contracts based in panies or contracts based London and home counties.

Write in confidence to Box H3684, Financial Times, 10 Camon Spreet, London EC4P 4BY

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rrivate Mill, Company series by warniers outright an established manufacturer of parts for the gineering industry. T/O up to £1.5 pillion (preferably in Midlanda). Principals only. Write Box H3516, Financial Times, 19 Carnon Street, London EC4P 48Y

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Comprises two ICAL (SA) chain grate bollers with steam conditions of 28 bar. 400°C 19000kg/hr and two 3.0MW AEG - Kenis turbo-alternators type V-25 ing at 11.0kV.

All auxiliary equipment, steel tramed buildings, chimney etc are included. The plant was commissioned (new) in March 1981 and was taken out of regular service in 1984, although it is operated from time to time and can be seen in operation.

Complete details of the two power stations are available on request, and action is trivited. Please respond to-The Chief Execut Sotswana Power Corporation P O Box 48

Telephone: Garborone 352211 Telex: 2431 Power BD Fax: 373563

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## Contracts & Tenders

#### MANCHESTER AIRPORT PLC APPOINTMENT OF

CONCESSIONAIRES Manchester Airport is one of the fastest expanding Airport in Europe with a passenger throughput in excess of 8.6 million in 1987 which is expected to increase to 9.5 million in 1988.

To incorporate this rapid growth, the Airport Company is opening a purpose built Domestic Terminal in Spring 1989.

The Terminal will handle approximately 1.6 million passengers in its first year of operation and this figure is expected to rise to approximately 2.5 million by 1992.

The Airport Company is seeking to appoint concessionaires to operate one or more units in the Terminal and proposals are invited from suitably qualified companies.

It should be noted that catering and newsagent

concessions will not be considered. Interested parties should apply in writing enclosing a copy of the last two years audited to Mr A Astbury, Administration Manager, Room 710, Manchester Airport PLC, Manchester M22 3PA by 2nd August 1988.

## **Company Notices**

FIDELITY BALANCED PORTFOLIO Societe d'investissement a Capital Varisbie Luxembourg, 13 Boulevard de la Foire R.C. Luxembourg B 25,918

DIVIDEND NOTICE

At the Annual General Meeting held on July 15, 1988 it was decided to pay a dividend of US \$ 0,10 (ten cents) per share on/or after August 09, 1988 to shareholders of record on July 19, 1988 and to holders of bearer shares upon presentation of coupon No 1, Paying Agenta: FIDELITY INTERNATIONAL (C.I.) LIMITED

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#### FT LAW REPORTS

# Builder not liable for loss

D&F ESTATES LTD AND OTHERS V CHURCH COMMIS-SIONERS FOR ENGLAND AND OTHERS

House of Lords (Lord Bridge of Harwich, Lord Templeman, Lord Ackner, Lord Oliver of Aylmerton and Lord Jauncey of Tullichettle): July 14 1988

A BUILDER who properly sub-contracts work to a competent independent subcontractor is not liable for defects in the execution of that work in the absence of knowledge of negligence or assumption of personal liability; and he is not liable to an occupier with whom he has no contractual relationship for the cost of remedying defects before they cause damage to the occupier or his property, in that such loss is purely economic and is irrecoverable in tort.

The House of Lords so held when dismissing an appeal by the plaintiffs, D&F Estates Ltd and Mr and Mrs Tillman, from a Court of Appeal decision 11987 1 FTLR 405 that they were not entitled to damages from Wates Ltd, third defendant in an action for defective huilding work against the Church Commissioners for England and others.

LORD BRIDGE said that between 1963 and 1965 Wates was the main contractor employed by a company now in liquidation to build a block of flats on land belonging to the Church Commissioners.

The building was completed in October 1965 and was named Chelwood House.

The Church Commissioners granted a lease of flat 37 to D & F Estates for 98 years. D & F Estates was controlled by Mr and Tillman. From 1965 to 1981 they occupied flat 37 pursuant to an arrangement with D & F Estates

In August 1980 while Mr and Mrs Tillman were away, decorators discovered that the plaster on certain ceilings and one wall was loose. Some of the plaster fell down. The affected areas were replastered and redecorated at a cost of £10,676.

D. & F. Estates now claimed

D & F Estates now claimed in respect of that damage, and Mr and Mrs Tillman claimed in respect of disturbance caused to them while the works were carried out. Following investigation in 1983 more defective plaster was discovered and when the action came for trial the damages claimed by D & F Estates included the estimated cost of further remedial work and prospective loss of rent which would be suffered while it was carried out.

When Chelwood House was

built the plaster work was carried out by sub-contractors. Judge Esyr Lewis QC found that the plaster was defective because they had failed to follow manufacturers' instructions.

In deciding the scope of Wates's duty of care to the plaintiffs and whether they had suffered loss as a result of its breach, he said "The duty of care itself is not delegable". He found that Wates acted properly in sub-contracting the plastering work; but he concluded it was in breach of a duty to provide adequate and proper supervision and was liable in negligence to the plain-

The judge awarded damages to D & F Estates of £10,676 for the cost of 1980 remedial works, £53,549 for future works, and £24,000 for loss of rent while the future works were carried out. To Mr and Mrs Tillman he awarded £500 each in respect of loss of amenity while the works were being done.

On appeal by Wates the Court of Appeal reversed the judge's decision primarily on the ground that Wates, having employed competent sub-contractors to carry out the plastering work, owed no further duty of care to the plaintiffs.

The Court of Appeal also considered a submission by Wates that the cost of repairing the defective plaster was not damage which D & F Estates could recover in tort since it represented pure economic loss. The submission was rejected in relation to the 1980 repairs on the ground that D & F Estates were liable to Mr and Mrs Tillman to carry them out, but was accepted in rela-

tion to future works.

The plaintiffs now appealed.
In Junior Books v Veitchi 1983/AC 520 Lord Brandon's dissenting speech enunciated principles of fundamental importance in determining the scope of the duty owed by one party to another in the absence of contractual relationship or other uniquely proximate relationship.

Lord Brandon said that as there was no contractual relationship between the parties, the only foundation for the existence of a duty of care was the principle laid down in Donoghue v Stevenson [1932] AC 562 - that a person who manufactured goods for consumption by others was under a duty to exercise reasonable care to ensure they could be used or consumed in the intended manner without causing physical damage to persons or their

property.

If a hidden defect in a chattel was the cause of personal injury or damage to property other than the chattel itself, the manufacturer was liable. But if it was discovered before causing damage, there was no longer any room for applica-

causing damage, there was no longer any room for application of the Donoghus v Stevenson principle. The chattel became defective in quality, but was no longer dangerous. The economic loss was recoverable in contract by a buyer or hirer of the chattel entitled to the benefit of warranty of quality, but it was not recoverable in tort by a remote buyer or hirer of the chattel.

If the same principle applied to a dangerously defective permanent structure, the builder's liability could only arise if the defect remained hidden until it caused personal injury or damage to property other than the structure itself.

If the defect was discovered before damage was done, the loss sustained by the building owner who had to repair or demolish it to avoid danger to third parties, seemed purely

economic.

In the present case the only hidden defect was in the plaster. Once it appeared that the plaster was loose, any danger of personal injury or of further injury to other property could have been simply avoided by the timely removal of the defective plaster.

The only function of plaster unless it was elaborately decorative, was to serve as a smooth surface on which to place paper or paint. The only damage to other property caused by the defective plaster would be the loss of value of existing decorations occasioned by the need to remove loss plaster.

The cost of replacing defective plaster in 1980 or in the future was not damage for which the builder could possibly be made liable in negligence under the *Donoghue v Stevenson* principle, or any legitimate development of that principle.

To make him so liable would be to impose on him for the benefit of those with whom he had no contractual relationship, the obligation of warrantor as to quality of the plaster. It followed that even if Wates had been responsible for the plaster work in flat 37, the damages recoverable by D &F Estates would have been trivial and Mr and Mrs Tillman could have established no claim for disturbance.

But the Court of Appeal's primary ground for allowing

Wates's appeal was that it had properly employed competent sub-contractors to do the plaster work, and was not liable for their neeligence.

The employers of an independent contractor were, in general, not liable for his negligence in execution of the work. To that general rule there were certain well-established excep-

tions or apparent exceptions.

But the so-called exceptions were dependent on a finding that the employer himself was in breach of some duty personally owed to the plaintiff (see Clerk and Lindsell on Toris 15th ed 1982 para 3-37p 185).

If Wates were to be held liable for its sub-contractors' negligent workmanship, it must first be shown to have assumed a personal duty to all the world to ensure that Chelwood House would be free of dangerous effects.

That was an assumption on which Judge Esyr Lewis proceeded when he said "the duty of care itself is not delegable". Whence did that non-delegable duty arise? There was no legal principle to which such an assumption of duty could be

If the fact of employing a contractor did not involve the assumption of any such duty by the employer, then one who had himself contracted to erect a building assumed no such liability when he employed an apparently competent independent sub-contractor to carry

out part of the work for him.

The main contractor might, in the interests of the proper discharge for his own contractual obligations, exercise a greater or lesser degree of supervision over the work done by the sub-contractor. If in the course of supervision he came to know that the sub-contractor's work was being done in a defective and forseeably dangerous way, and if he condoned that negligence, he would no doubt make himself potentially liable for the consequences as joint tort-feasor.

But the judge made no finding against wates of actual

knowledge.
The appeal was dismissed.
Lord Templeman Lord Ackner
and Lord Jauncey agreed. Lord
Oliver gave a concurring judg-

For the plaintiffs: Richard Fernyhough QC and Robert Glancy (Victor Mishcon &Co) For Wates: Donald Keating QC and Richard Seymour (Masms)

Rachel Davies

#### GOLD MINING COMPANY REPORTS

# RAND MINES

For the quarter ended 30th June 1988



Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Holborn Viaduct, London EC1P 1AJ

#### Harmony Gold Mining Company Limited

CONTROL OF THE RECEDURE OF SOUTH AFRICK)

Registration No. 05/05232/05 ISSUED CAPITAL: RT3442/325 IN 25/884 650 SHARES OF 89 CENTS SHOW

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CAPITAL EXPENDITURES for clothal expenditure encounting to R1.5 validos. Capital expenditure for the financial year enclose 30 June 1989 is provisionally estimated at R42 million and will be reported on a more detail to the annual Septical statements.

CLOSURE OF PYRISE AND SULPHURIC ACID PLANTS.

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For and on behalf of the box
C. G. IOVOBBS (Chehman)
M. A. VIGTSON (Intensigning Director)

#### Durban Roodepoort Deep, Limited

(Incorporated in the Republic of South Africa)

| Registration No. 01/00028/06 | RESURED CAPITAL: R2:225:000 IN SHARKER CAF R1.00 EACH | Counter ended | Count

interior dividend was declared. PATAL EXPERIMITATE Or are commissents for capital expenditure amounting to R1.7 million. The estima

GOLD HEDGENG
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For and on behalf of the boar

C. G. (CNOSBS (Chairman)

E. S. CROCKER (Marriging Director)

Director

GENERAL NOTE

#### Blyvooruitzicht Gold Mining Company, Limited

(Incorporated in the Reputate of South Africa)

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APPEAL EXCEPTIONS for capital expansions amounting to 1926 relation. Capital expansions have the capital expansional processing the process of the process

O. G. (GHOSDE (Chairman)

14 C. SIGREPTHAL (Managing Director)

#### East Rand Proprietary Mines, Limited

(incorporated in the Republic of South Africa)
Registration No. 01/00773/06
ISSUED CAPITAL: R16 632,000 IN SHARED OF R1,00 EACH

Them are contrathments for capital expenditure attracting to R274 million. The estatement plan capital supervisors for the remainder of the current Research year in R244 million.

SCHENDERINGS
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An imaccined loon facility of 1800 million has been arranged with a commission better.

QUILD HEIGHTANIA

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	With effect from 18 July 1988						
F			-				

0.5 ElomeOwner Reserve 14.00 14.60

Gross Interest % p.a.

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Net Interest to a basic rate expayer % p.a.

With effect from 18 July 1988

4.00

5.33

With effect from 16 July 1988

Home Management

Account

5.21

With effect from 16 July 1988

4.23 Save and Borrow Account 3.25 4.33



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Willan Har



Since Mr Haughey took power early last year, exports have boomed and public spending has fallen.

But there is little sign of growth in the domestic economy. Relations with London have cooled, though 40 per cent of trade last year was with the UK, writes Kieran Cooke

# Tackling the tough issues

SPORT, not politics or the problems of the economy, has provided the main hish news'

y Manag

over the past year. When an Irishman, Mr. Stephen Roche, won the Tour de France cycle race last summer, a quarter of a million people, or nearly 10 per cent of the Irish population, turned out at Dublin airport to welcome their hero back. Last month, when the Irish footbell team returned from their first-ever foray into the finals of the European football championships, there were similar scenes. Ireland had not won, nor had it reached the semi-fi-England. Most of all, it had shown Europe its commetitive

abilities and sportsmanship.
Sporting achievements have been reflected in other areas. Even the begrudgers would admit that important changes have taken place in Ireland over the past 18 months. The public finances, for long floating a final sloud state better. ing on a fiscal cloud nine, have been brought down to earth with a resounding thud. For the first time in many years, there is a substantial degree of

During its first 18 months in office, the minority government of Mr Charles Haughey, the Irish Prime Minister, has achieved a large measure of political stability. Fiscal adjustments were a matter of the utmost necessity: if borrowing and spending levels had con-tinued along the pattern of the late 1970s and early 1980s Ireland, in the not-too-distant future, would have been spend-ing its entire GNP on debt ser-vicing. This followed the disastrously profligate period of the 1970s, when the government borrowed its way into a boom and the years of decline in the early 1980s when the serious-ness of Ireland's economic position became all toe apparent.

"The firm action we took has brought an almost miraculous improvement in a very short space of time and confidence in the Irish economy both at home and internationally has been restored," Mr Haughey told an audience in New York

But many observers would say that despite considerable achievements, the modern Irish miracle is still some way off. Large-scale cutbacks in public expenditure have



#### reduced the level of govern-ment borrowing by a third. But the national debt, at more than I£26bn or I£28,000 for every household in the country, is still a cause for concern. Exports have boomed and for the first time in 20 years there

more than 30,000 mostly young, educated Irish people leaving the country every year in

Commission, feel the Irish gov-

ernment should now try some

mild reflationary measures to

force a little movement in the

domestic economy. But Mr

Haughey and his small circle

of key advisers, including Mr Ray MacSharry, the Minister

for Finance, seem intent on continuing to administer the

bitter economic pill while there

is still the public taste for it.

have serious consequences on At the same time, population growth has slowed considerably. In the 1981 to 1986 period, the Irish recovery. There is lit-tle sign of growth in the domestic economy and investment is far from buoyant. Many of the fundamental ills of the Irish economy have, however, been tackled. Mr the population grew by 2.7 per cent. In the 1971 to 1981 period, the population went up by 15.6 Haughey has shown considerable chutzpuh in taking what per cent. Both these factors have eased the impact of the government's radical would in the past have been politically disastrous decisions. His government has had a very good sense of timing. exercise in cost-cutting. Some, including members of the IMF and the European

It seems the Irish people had already clearly realised the seriousness of the situation and was prepared for tough measures. The cutbacks have led to an unemployment rate of 19 per cent, second only to Spain in the European Community. But the position would be a great deal worse and possibly politically unsustainable if emigration was not at its high-

But any sign of a downturn in

the western economies could

management. Mr Haughey's popularity and that of his Fianna Fail Party have never been higher. Yet there seems to be no wish to go to the country in search of a majority in the Dail, the Irish Parliament. A sense of siege suits current government style.

Favours and dispensations have been a common feature of Irish politics. Mr Haughey came to office with the pledge of "No strokes, no deals." With a parliamentary majority, members of the governing party might show more rebel-lious colours and be tempted to press for constituency favours. Mr Haughey is very much a "hands on" premier. He has exerted his influence on political developments in Northern Ireland, realising that continu-ing violence north of the border can only have an adverse effect on economic and

political developments in the

Ĥe has also become more directly involved in the difficulties surrounding the Anglo-Irish relationship, particularly since the illness of Mr Brian Lenihan, the Minister for Foreign Affairs and one of the few people in government with experience and stature equal to

that of the Prime Minister. It has not been a good year for relations between London and Dublin. At times the two countries seemed separated not just by the Iriah Sea but by a whole world of differing perceptions and ideas. Yet through the long list of problems, some of them very serious, dialogue has been maintained. Mr

Haughey has won considerable praise for not giving in to some of the more strident anti-Brit-ish voices on his back-benches and has emerged with states manlike credentials. The Anglo-Irish agreement is

# CONTENTS

Economy: dramatic rewards of Politics: approval for Haughey Customs House centre:

Taxation: helping foreign

tinanciai flagship

Industry: an exports boom Stock market: bigger rise than Stock reserver Tokyo this year the skies are

football manager Jack Chariton, flanked by city's Lord Mayor and Mr Brian han, the country's Foreign Minister, a tremendous welcome on his return from

#### KEY FACTS

.3.537m .70,000 sq.km ot (May 1988) . sbt/GNP ratio (1987) ___138.9%

Imports (1987) .......L£9.1552bn Exports (1967) .....L£10.7235bn Emigration (1987) .....30-35,000

nearly 40 per cent of Ireland's total trade was with Britain. Most importantly, the manager of Ireland's football team, Mr Jack Charlton, is English. Nicknamed "St Jack" after his team's performance in Europe, Mr Charlton has now

# Links with Europe

# A geographical disadvantage

tion campaign to prepare the public for 1992 and the arrival of the single European market, soccer has done more than any political address or economic manifesto to make the Irish public aware that it belongs to Europe.

For the first time ever, the

on cordial if not over-warm,

terms. The future of Ireland

and Britain is intertwined and

will become closer following the full integration of the EC

in 1992. Millions of Irish people live and vote in Britain. In 1987

Irish team reached the finals of the European championships. Not only that, but Ireland

performed very well. While Irish governments have built up a reputation for being "good Europeans" in their conduct of EC negotia-tions, the country remains culturally part of the Anglo-American world.

The low priority of spoken European languages in schools and universities reinforces Ireland's isolation as "an

Continued on Page 2



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For the first time in years there is some confidence in the economy

# The dramatic rewards of strict discipline

EVEN THE most harsh critics familiar signal of hard Irish of Irish government policy times, emigration, is once would admit that there has been a fundamental change in the economic climate over the past 18 months.

For the first time in many years, there is some confidence in the economy. State borrowing as a proportion of GNP is at its lowest level in more than 10 years. Inflation, 1.8 per cent in the second quarter of 1988, is at its lowest level for 25 years, exports have experienced a mini-boom and, for the first time in 20 years, there is a current account surplus. Interest rates have fallen substantially while the Irish punt has maintained its value within the

Set against these positive trends is a national debt which is still one of the highest per capita in the world at 1£26.345m, a dull domestic eco-nomic outlook with only marginal or no growth in GNP forecast for 1988 and govern-ment cutbacks which have been largely responsible for a rise in unemployment to 19 per cent (the highest in the EC apart from Spain). That most

again on the increase.

Tackling the national debt has been the all-consuming passion of the Fianna Fail Government which came to power last February. Mr Ray Mac-Sharry, the Minister for Finance, has been nicknamed "Mac the Knife" for his zealous campaign of cutbacks and general belt tightening.

The national debt, more than a third of it denominated in foreign currencies, had dou-bled in the five years ending 1987. Government spending cutbacks last year amounted to more than 15400m. A similar or greater reduction in public spending is expected this year, amounting to an overall cut of more than 10 per cent on the two-year period.

Meanwhile, tax revenues have increased with reforms in corporate taxes, higher excise duties and a broadening of the VAT tax base. The speed with which the economy has responded to this new harsh helping of fiscal medicine has surprised many, including some government members.

The current budget deficit fell by 1£215m last year from 8.6 to 6.8 per cent of GNP, the Exchequer Borrowing Requirement (EBR) was reduced by 1£360m from 13.2 to 10.3 per cent of GNP while current revenue increased by 6.5 per cent.

account turned to a surplus of US\$400m from a deficit in 1986. Agricultural exports in the coming year are likely to slow due to EC quotas and a shortage of beef stock. The outlook for manufactured exports will be influenced by economic per-

Unemployment is likely to rise again and, for the third year running, about 30,000 people, mostly young graduates, are expected to emigrate

Government projections for the coming year of a further fall in the EBR of 2 per cent to 8.2 per cent of GNP and an I£55m reduction in the current budget deficit look unduly conservative, with most comm tators predicting a generally more favourable performance on the public finances front.

In value terms visible exports rose by 14.5 per cent in 1987, with manufactured goods and agriculture performing well. The visible trade surplus in 1987 was I£1.568bn, more than twice the 1986 figure. As a result, the current external

formance in the UK, which still

accounts for pearly 40 per cent of Ireland's total trade. Overall, it is expected exports will increase by 11 per cent in the coming year, with imports up by just under 8 per cent. Predictions are that the visible trade surplus in 1988 could be more than 192bn.

While there is general praise for the way the government has gone about tackling the serious ills that have affected Irish fiscal health, there is concern about the impact on the domestic economy of continu-ing deflationary policies. Con-sumer spending fell slightly

last year: real incomes con-tinue to decline while investment has shown no sign of growth.

Meanwhile, about 18500m of gross savings, or more than half the real growth in the economy over the past two years, has been invested abroad. Continuing sluggishness in the domestic economy is also likely to lead to a further rise in unemployment. The total at work is estimated to have fallen by 14,000 or 1 per cent of the labour force last year. A similar drop is antici-pated this year with no real sign of improvement before

There are now 120,000 fewer employed than in 1980. Economists point out that the situa-tion would be far more serious and possibly politically unsus-tainable if it were not for the large-scale emigration of recent

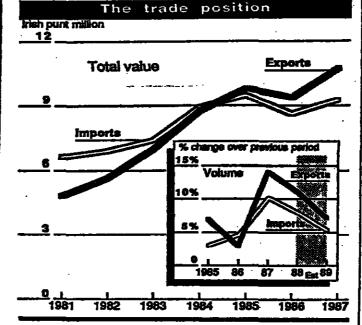
For the third year running about 30,000 people, mostly young graduates, are expected emigrate from Ireland in 1988. Ireland, with foreign trade as a percentage of GNP at 87 per cent, is very vulneraworld economy.

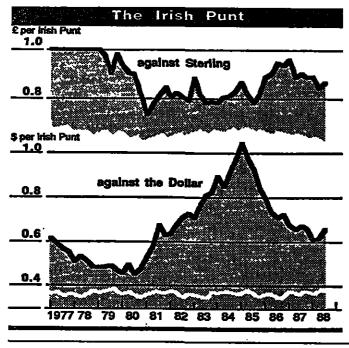
ireland's recovery over the last 18 months has taken place against a generally buoyant economic background. Any sign of a recession in the western economies could bring serious problems. For the moment, the government is adamantly pursuing its cost-cutting measures and has resisted reflation.

Only this way, says the government, can the national debt be stabilised and ireland look forward to sustained growth sometime in the early 1990s. The tough times must continue, says Mr Charles Haughey, the Irish Prime Min-

"It is being irresponsibly suggested in some quarters that the strict discipline which brought about the dramatic improvement in our economic fortunes is no longer required and can be relaxed. This is a dangerous line of argument and could put us right back into the appalling situation from which we are still seeking

Kieran Cooke





A flower seller in Grafton Street, Dublin



Ray MacSharry, Finance Minister, nicknamed "Mac the Knife"

Customs House centre

# A financial flagship

more what the government feels is the new spirit of Ireland than plans for a financial services centre on the

Construction work on the centre, on what was once the site of the Customs House Docks, began earlier this year. The planners say that eventually the centre will contain over 1m sq ft of office space, 450 residential units, an international hotel and conference centre, 200,000 sq ft of restaurants and shops and a marina. Total cost of the project is expected to be I£250m.

The centre is the pet project The centre is the pet project of Mr Charles Haughey, the Irish Prime Minister. From the beginning Mr Haughey has put his full political weight behind the project and made sure that bureaucratic delays are kept to a minimum.

The establishment of an

international financial services centre exemplifies the kind of economic leadership we are giving. It is a flagship; perhaps the most important develop-ment in the commercial life of Dublin in our time," says Mr

The Government says financial institutions will find many advantages in locating in Dublin. The centre has an banks of the River Liffey in incentive package which bublin. tion tax and zero capital gains on traded income.

> Mr Haughey has put his weight behind the project

Costs, says the government, are far lower in Dublin than in London or New York. Most importantly there is a ready pool of young and highly skilled labour available. Eventually, it is hoped that the centre's activities will create as many as 7500 jobs.

many as 7,500 jobs. However, the centre has its critics. The government, it is said, is creating a tax haven. Irish institutions, including the main banks, have already announced they will move many operations to the centre. This will mean a loss of government revenues.

Sceptics argue that projections on job creation? afeig

day"- the situation is very different from what it was before Now there is a surfeit of qualified and experience financial staff in London elsewhere as compa-cut back on expenand

Mr Dermot Desmond, a lead-ing Dublin broker and author of much of the initial plan for the centre, says that the advan-tages in favour of Dublin are now greater than before the October crash. "Financial institutions are now looking more closely at their expense sheets. Dublin is a natural choice in the corne time more choice, in the same time zone

as London, cheaper yet offer-ing the same language." The Irish Industrial Development Authority (IDA), which has been zealously marketing the project, says that so far 33 companies have been approved for the centre, including several eral foreign institutions such as Citicorp and Chase. The sceptics will not be ready to believe the figures until the centre, in all its splendour, is

up and functioning. Kleran Cooke



Charles Haughey: never so popular

# Approval for Haughey cuts

Haughey, the Irish Prime Min-ister, been so popular, Rarely have the Irish people had to suffer so many cutbacks and austority measures. It has been a strange year in Irish politics. Mr Haughey, consigned to the political wilderness by many only a few years ago, has shown that he can not only survive but succeed. A recent opinion poll indicated that 55 per cent of the Irish electorate was satisfied with Mr Haughey's performance during his 15 months in office.

A veteran of more than 30 years in politics, including two previous terms as Prime Minis-ter, Mr Haughey's star has never shone brighter. His Fianna Fall Party (translated as 'the Warriors of Destiny') now has the support of over 50 per cent of the electorate and would win an absolute majority if opinion poll figures were

reflected in a general election. The previous government, a coalition made up of the main opposition Fine Gael Party ("Tribe of the Gaels") and the small Irish Labour Party, fell because its members could not agree on a package of measures to deal with mounting economic problems, including a national debt of more than

In last February's election, Fianna Fail campaigned under the rather ambiguous slogan: There is a Better Way. In victory most assumed Fianna Fail would revert to its old free-spending ways and not risk its minority in the Dall, the Irish Parliament, by forc-ing through unpopular cut-

backs.

The opposition has been wrongfooted by a Fianna Fail turnsbout. In government, Mr Hanghey has adopted many of the policies he so hitterly attacked while in opposition. Within weeks of assuming into a swingeing round of eco-nomic cutbacks. Hundreds of public service jobs were lost. Budgets in almost all depart-ments were cut. More cutbacks are being announced almost

Heads are frequently scratched over the seeming contradiction of a government hell-bent on belt tightening not only maintaining but increas-ing its popularity. From the beginning, the Fianna Fail Government obviously suc-ceeded in getting its dire mes-sage across to the electorate. If serious economic action had not been taken immediately, then Ireland, in the not-too-distant future, might have headed for a crisis of South American

proportions.

Observers talk of "the new reality" evident in Ireland. Mr Hanghey, so long regarded as the great political opportunist, has become the economic pragmentist. It is unlikely that the pres-

if Flanna Fail had continued in opposition. In power for most of the time since the trish gained their independence from Britain in 1922, Fianna Fail regards itself as the natural party of government, more a national movement than a political party. Its one aim in opposition was to block the government on every move and return to office as quickly

as possible. Fine Gael has adopted the very different tactic of 'principled opposition." Mr Alan Dukes, Fine Gael's youthful new leader, has supported the broad thrust of government policy, claiming with some justification that much of Mr Haughey's economic programme bears the Fine Gael

But with many of its policies hijacked by the government, Fine Gael has suffered some-thing of an identity crisis. Alongside his party's submissive opposition, the opinion polls indicate that Mr Dukes has still to impress himself on the electorate.

The Progressive Democrats. a newly emerged party led by a former Fianna Fail cabinet minister, Mr Des O'Malley, surprised many by gaining 12 per cent of the votes in last February's election. But they have ary's election. But they have since failed to make a significant impact on the political

Initial cuphoria has died away as there have been no further successes in their attempt to break the two party mould of Irish politics.

The small Labour Party, after its period as a partner in the last government, has seen its influence decline sharply. The two other parties on the left of the Irish political spectrum, the Workers Party and the IRA, still have only very

limited support.
Attention is now focused on the possibility of a general election later this year. The prospect is a tempting one for Mr Haughey. But his government seems content, for the time being at least, to continue walking along the edge of the parliamentary chiff.

walking along the edge of the parliamentary cliff.

Despite the opinion polls, an election is always a risky exercise. The Irish people have shown signs that they have had a surfeit of elections and referenda in recent years. Fianna Fail and Mr Hanghey can look back on a good 17 months in office. But tougher times lay ahead as cutbacks make ever greater impact on make ever greater impact on

Mr Haughey, perhaps more than anyone else in govern-ment, knows that political pop-ularity is a very transient com-

Kleran Cooke

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## Continued from Page 1

island behind an island" and limits the perception of young people to employment, cultural and recreational opportunities in other EC countries. In the current exodus from Ireland of well-educated young people, the destinations are the traditional outlets provided by the big cities of Britain and the US, rather than of France, Germany or Belgium, though a minority has recognised that taking up a job in Paris, Munich or Brussels is not emigration but constitutes part of

# geographical disadvantage the rights of free movement of

citizens of the European Com-

munity. Irlsh people Slowly, are beginning to recognise that the EC is not just a financial club for the benefit of farmers, businessmen and diplomats but that joining the Community, in the words of Professor Patrick Keating of Trinity College, Dublin, represented "a



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#### qualitative change in the way which Ireland interacted with the world.

Partnership in one of the major economic powers has increased lreland's standing in the world far beyond that of other small dependent nations. Before accession to the EC in 1973, Ireland's "exter-nal relations" were domi-nated by proximity to and dependence on Britain.
Joining the Community provided the country with an
opportunity to develop "foreign" policies on a wide

range of issues and to influence world events.

An irritant for Ireland's partners, however, is its tendency to thwart moves towards discussion of defence issues on the grounds that Ireland is militarily neutral On the move. tarily neutral. On the more quantifiable aspects of ireland's EC membership, the balance sheet shows how much the country has benefited financially. In the years 1973-87 Ireland's net receipts from the EC budget totalled 126.6bn, a figure which is worth 1210bn in

1987 prices, according to Mr Ray MacSharry, the Minister for Finance. In 1986, the latest year for which comparable figures are available, the net transfers to Ireland from the EC budget accounted for 4.9 per cent of the country's gross domestic product. This is the highest

percentage transfer of all 12 member states. The bulk of the benefits has

come from the common agricultural policy's system of high guarantee prices to farmers. Indeed, 73 per cent of the financial transfers from Brussels to Ireland in 1988 Brussels to Ireland in 1986 came from the farm guarantee fund. From 1983 to 1986 Ireland's approved receipts from the farm prices more than doubled from 12437m to 12884m. In 1986 Ireland received

16313m from the Community's

structural funds - infrastructural investments and grants to industry through the regional fund, vocational training and employment schemes through the social fund and moderni-sation of food production and marketing through the farm guidance fund. After some hesitation the Irish government last month lifted a reserve on the part of the February agreement. reserve on the part of the February agreement which provided for a doubling in real-terms of the structural funds in 1993. By 1992 the Department of Finance calculates that the structural funds will account for 34 per cent of EC spending in Ireland compared with 27 per cent two

primarily at businessmen, the self-employed and the trade unions. With two out of three jobs dependent on industrial exports trial exports, the Gov-ernment wants to encourage Irish firms to regard the 1992 deadline as an exciting chal-

nge. The biggest problem facing Ireland is the plan to harmonise indirect taxation throughout the Community. The government of the community of the community. ernment is compensation for a loss of revenue which it estimates at 12420m in the first year and 18350m annually

As exports are so crucial to the vitality of the Irish economy and 70 per cent of them go to EC countries, a particularly worrying problem will arise once the Channel Tunnel, joining Britain and France, is completed. This will put Ireland in the unenvisible position of being the only EC member state without a direct land connection to mainland

Europe.
Europe.
cal disadvantage, the
Irish government plans to pared with 27 per cent two years ago.

The whole of Ireland is defined for grant purposes as one of "the least prosperous regions" in the Community of the comm

John Cooney

NORTHERN IRELAND

#### Millenium celebrations

# The Dublin bandwagon

has not noticed, 1985 is the year Ireland's capital city is calebrating its Millenium. Well, that's what the officials re saying, anyway. Some ecademics say next

year is the proper date for the city's celebrations. Others point out that the first Viking demont was made on the th bunk of the River Liffey in AD 341. Millentum organis-ers are unconcerned by such-historical niceties. All year long, the Millentum has been in full swing, with more than in the city over the 12-month period. These range from the laviah to the obscure, the scholarly to the brash. Just finished is the special

Milientum Congress on Ani-mal Reproduction and Artifi-cial Insemination. The Milienium Italian Week fish and chip shop race is over, as is the tion of the capital's outstand

But then there is a Jewish ek to look forward to, as Dublin's Viking beginnings.
And in mid-November more
than 6,000 Americans willinvade the city to watch a special Millenium American

and paraphenalis, which includes Millenium wine ("ver-satile and rather catholic") Millenium milk bottles, umbrellas and, of course, tee shirts, there is a serious side to the festivities. In the 18th century Dublin was the second biggest city in Britain, full of the Georgian houses of wealthy merchants and land-owners. The Millentum organisers have tried to create n awareness among Dublin's population of the city's history population or the day scarred and its beauty, bedly scarred by developers and bed plan-

ning in recent years.

The Millenium has more than its share of critics. Many on the colebrations would be better used solving the city's serious poverty, building and communications problems. But a new awareness of what Dublin has to offer, its ements and its cultural as has been born. It also predicted that the Millenium will bring in some much needed revenue to Dublin: 250,000 extra visitors are expected in the city in the course of the year.

Industry

# An exports boom



MANUFACTURING has been virtually the sole engine of growth in the Irish economy for all of the 1980s. Output has grown 47 per cent in volume terms since 1980, resulting in a near-doubling of the volume of

exports over the same period. However, this has not been enough to stop industrial employment falling by 20 per

There are two distinct sec tors in Irish industry. Foreign77,000 people. They are largely concentrated in a small num-ber of sectors including electronics, chemicals, pharmaceuticals and office equipment.

The foreign companies have

been attracted to Ireland by the Industrial Development Authority (IDA), using a mixture of capital and training grants combined with a special 10 per cent tax rate for manu facturing profits. The IDA estimates that in 1986 foreignowned manufacturers' profits amounted to I£1.64bn or 24 per cent of the total value of sales of Ess.77bn. It is a totally different story

with indigenous industry. With the exception of food, output in this sector has been declining by an average of 2 per cent per annum since 1973. These companies have suffered most from the corrective measures needed to tackle runaway public spending and a soaring national debt. Retail sales are down 11 per cent in real terms on the 1980 level.

The success of the foreignowned sector is not an entirely unmixed blessing. Most of the profits generated by Irish subtend to be repatriated by their parent companies. Such outflows amounted to I£1.32bn in 1986 and a further I£1.27bn last year.
In its targeting of suitable foreign investment for Ireland,

the IDA has concentrated on the high technology end of the market. While this may provide the best employment opportunities for a well-educated workforce, the linkages with the more traditional indigenous companies are minimal The IDA reckons that of the 1986 sales figure of ICE. Ton for the foreign owned industry, only 39 per cent or ICE.64bn was actually spent in Ireland. The biggest single item was wages and salaries at I£1.08bn, or almost 16 per cent.

While the process of restor-ing the Republic to full economic health may yet take some time, there are encouraging signs. With last year's growth in manufacturing output likely to be followed by a further 10 per cent increase this year, industrial employment is likely to stabilise

The export boom was the main reason for last year's remarkable 4.5 per cent growth in GNP. The 14 per cent jump in exports to 1£10.72bn was mainly due to industrial

exports which at I£8.6bn now represent 80 per cent of total exports. This proportion seems likely to increase further as restrictions on the EC's Com-

mon Agricultural Policy (CAP) cuts agricultural output. Mr Liam Connellan, director-general of the Confederation of Irish Industry (CII), argues that Ireland, with its small open economy, has no choice but to go for an export-led recovery. He believes that the worst is now over for Irish

Indigenous firms are showing growth. Our competitive situation is improving. Our inflation and domestic cost increases are lower than those of our competitors," says Mr

The IDA has been seeking to boost linkages between foreign-owned and indigenous companies as the available pool of mobile international nt dries up and com-

job to do to get more of the imports of raw materials sourced here and more of the profits generated here invested here," says Mr John McMahon, the IDA's chief economist.

When it comes to supplying overseas firms, the success of the indigenous printing indus-try stands out. Printing comics companies now established in Ireland has become big business. One of these companies, Printech International, saw its shares launched on the USM last November, less than 10 years after its foundation in

At present pharmaceuticals, meat and dairy products, com-puters and other electrical machinery account for 50 per cent of the total industrial out-

For indigenous firms the outlook is not as bleak as it recently was. Retail sales were up 1 per cent in real terms for

hope is that the long decline is now over. Native firms are also beginning to grow to a size which allows them to compete in international markets. This is particularly true of the agri-

usiness sector. One by one, the dairy co-operatives are transforming themselves into public limited companies. An Irish company, Goodman International, is now the largest meat company in Europe. Factors such as these allow Irish industry to look forward with some confidence to pean market in 1992.

"Industry is very positive. This is for the very clear reason that 80 per cent of our output is exported. By far the pre-dominant interest of industry is to have free and open access," says Mr Connellan of the Confederation of Irish

Dan White

#### Taxation

# Helping foreign investors

SOME IMPORTANT tax changes have been brought both in respect of corporate and personal taxation.

The Irish Government, no matter of what particular political persuasion, has been dedicated for several decades the state, by foreign industry.

Through the system of state rants administered by the Industrial Development Authority and Shannon Free and through a wide variety of direct taxation incentives, the efforts to attract foreign invest-ment to the country have been rewarded to an unparalleled

Historically, among the most important direct taxation incentives have been the corporate tax freedom on profits derived from the manufactur-ing and exporting of goods (known as export sales re the complete tax exemption for profits derived from business activities located in the Shannon Airport Zone, and since January 1 1981 the application of the special 10 per cent rate of corporation tax to manufac-

turing industry.
Indeed, since January 1981 the privileged rate has been extended to more and more businesses and activities beyond the status of manufacturing per se; the most impor-tant recent extension of the 10 per cent rate is to trading operations located at the Inter-national Financial Services Centre on an old waterfront area of the Dublin docks known as the Custom House

The Custom House Docks site occupies an area of approxi-mately 27 acres and the total ent is to cost something in the order of 12250m.

the work in connection with

ntage

which has commenced. The development consortium aims

more than 750,000 sq. ft. of financial service office build-☐ 200 residential apartments ☐ cultural centre, to include three museums, among them a

children's science museum

🖸 over 50 shops, pubs and several cinemas and theatres an international hotel with 300 bedrooms ...

☐ a 1,500-seat conférence and □ underground car parking for nearly 2,000 cars □ a training centre

☐ a helicopter port. .A wide range of trading operations will be eligible for the 10 per cent corporation tax rate; these activities must be carried out on behalf of nonresidents of Ireland and, where relevant, in non-irish curren-cies. Examples would include: (1) The provision for non-resident persons of services, in relation to transactions in foreign currencies, which are of a type normally provided by a bank in the ordinary course of its trade; examples will include hedging operations against exchange risks and interest

planning and management.
(2) The carrying on for nontional financial activities including, in particular: (a) global money manage-

rate risks or exchange control

(b) international dealings in foreign currencies and in futures, options and similar financial assets which are denominated in foreign curren-

(c) Dealings in bonds, equities and similar instruments which are denominated in foreign currencies.

(3) Insurance, reinsurance and international insurance brokerage activities

(4) Back office operations such as the provision for nonresident persons of services of, or facilities for, processing, control, accounting, communication; clearing, settlement or information storage In relation to financial activities. Furtherore, activities will be permitted in respect of the development or supply of computer software for use in the provision of the services or facilities of the type just noted.

(5) Trading operations which are similar to, or in any way ancillary to the operations described above; in this regard leasing, factoring (excluding debt collection activities) and credit card functioning will be. permitted to operate at the

The Custom House Docks site is most convenient to the central business and shopping districts. The Irish Government is anxious to see that there is development of innercity areas generally, especially with a resurgence of residential units. Earlier tax incentives enshrined in the 1986 Finance Act will aid this pol-

 Tax depreciation allowances are given in respect of commercial buildings and structures in the area. The normal tax rules prohibit tax depreciation other than for buildings classified as industrial buildings.

• There is a double rent allowance for the purposes of com-puting trading profits for tax purposes for the first 10 years of a new lease.

 Local government taxation (known as rates) are also freed for the first 10 years in respect of buildings erected, enlarged or improved on the site.

• There is a relief to corporate ors or to individual lessors for the construction or conver-sion cost of dwellings provided for rental.

 There is a deduction against an individual's taxable income for expenditure incurred on the construction or refurbishment of owner-occupied dwellings.

The Finance Act 1988 shows no slowing down of the Govern-ment's determination to create a corporation tax environment interesting to foreign investors in Shannon. Reference has already been made at the outset of this commentary to the valuable tax exemption intro-duced for companies in the mid-1950s trading within the Shannon customs Free Zone; the principal requirement of the tax legislation was that industry should contribute to the growth of the airport and

While new companies estabhing for the first time since 1981 have been able to enjoy the 10 per cent rate for activi-ties which in the opinion of the Minister for Finance contribute to the development of the airport, there had been a growing anxiety as to what would happen to the tax position of companies which have been bene-fiting (and will continue to benefit until April 5 1990) under the exempt-style Shannon relief.

Nothing appeared in legisla-tion to allow those companies to proceed automatically to the new 10 per cent rate after April 5 1990. The Finance Act 1988, at

a stroke, removed certain inhibitions in the original 10 per cent rate legislation applicable to Shannon, relating to the concept of an "initial invest-ment" so that Shannon tax-free companies may now look for-ward with confidence to qualifying for the 10 per cent rate after the expiry of their tax freedom in April 1990.

The Finance Act 1988 also allows for a most innovative development which had been sought by indigenous Irish industry for some time. It ches the style of exemption from tax in respect of repatriated dividends which is a feature of a number of countries' tax codes both inside and outside the European Community.

Thus, for example, it is well in the Dutch tax code is the principle known as the participation exemption whereby can, subject to certain conditions, be repatriated to the Netherlands tax-free in that Without any fundamental

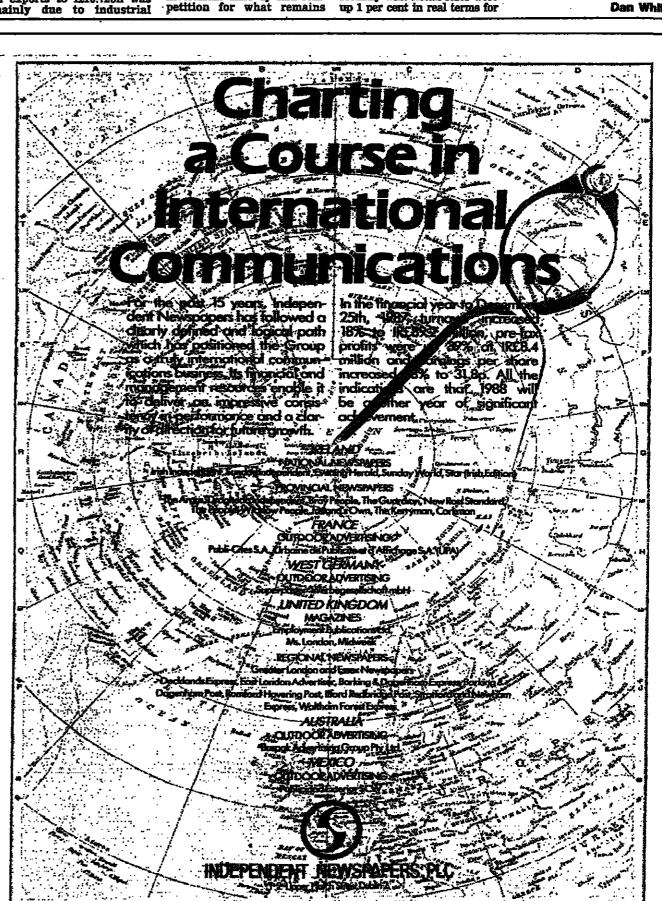
change to the Irish tax code which is based on the principle of double taxation relief by credit when profits are repatriated, it is now provided that in certain circumstances dividends received by a company after April 5 1988 from a foreign subsidiary will not be taken into account for corporation tax purposes if those divi-dends are applied for the pur-poses of an investment plan approved by the Minister of Finance – directed towards the creation or maintenance of employment in a trade carried on within the state.

The shareholding in the foreign subsidiary must be at least 51 per cent of the foreign company's ordinary share capi-tal. That subsidiary, in turn, must be resident in a country with which Ireland has a double taxation treaty; at the present time Ireland has 21 such

Personal income taxation remains relatively high, particularly when compared with the substantial decline in personal tax rates in the UK. However, the Irish Government has embarked upon a programme to bring personal taxation rates down while, on the other hand, working to improve the returns to the Exchequer by increasing the powers of the frish Revenue Commissioners to provide a broader base for tax liability and a much more effective collection

In the January 1988 Budget the Minister for Finance announced a number of fundamental changes in tax assessment and collection procedures would be made; the Finance Act 1988 goes a long way to moving towards the self-assess-ment principle. The new arrangements will place significant responsibilities on taxpayers for meeting their own tax obligations and are intended to reduce the levels of estimated taxation assessments and to streamline and significantly reduce the number of appeals.

A. Graham Williams The author is a partner in Whinney, char-tants, Dublin.





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The customs post between Monaghan and Armagh; and horse-riding at Tumpike Rock, Gap of Dunloe, Killarney

Potential of the industry has not been realised - Haughey

# The case of the missing tourists

IRELAND, as anyone who has ever been there will tell you, has some of the most beautiful to 1985 to 1972 im last year.

Such growth figures are only and unspoilt scenery in Europe. It has a small population and miles of isolated countryside, 680,000 acres of lakes

and 9,000 miles of river. Yet the story of Irish tourism is not a particularly successful one. Last year 2.037m tourists visited Ireland, a 12.4 per cent rise over the 1986 figure. Revenue from tourism has steadily increased from I£417m in 1981

WHEN THE Channel Tunnel is

completed, Ireland will be the

only country in the Commu-

nity not connected to mainland

and the need for frequent and

cheap services in and out of Ireland are becoming increas-ingly vital. Already there has

been something of a revolution in the skies. Now a London/ Dublin air ticket can be pur-

chased for as little as £29 one

way. Two years ago the fare would have been three times

Low air fares have brought a

dramatic increase in passenger

traffic. Over the past two years

passenger traffic between Dub-lin and London has grown by

65 per cent. Passenger numbers

at Ireland's three main airports

- Dublin, Shannon and Cork

totalled 5.2m last year, an

Improved communications

Europe.

Such growth figures are only modest compared to much of the rest of the world. "It is now clear that we have been failing to realise the potential of our tourist industry. During the last decade, when world tour-ism markets were growing buoyantly, we either lost mar-ket share in some countries or our share remained static in others," said Mr Charles Haughey, soon after taking

Communications

The skies are open

Perhaps most significant of

all has been the opening up of

the more remote areas of Ireland to aircraft traffic. A new airport at Knock, in the

west of Ireland, has been open under two years but is already

turning in a small operating

The critics said Knock would

never work, but the bookings

seem to have proved them

wrong Each week this summer more than 40 direct London flights will be going to Knock. And Sligo, in the north-west of

the country, is another airport

which has seen a dramatic

Not only has the Irish gov-ernment liberalised air trans-

port with other countries -

most notably signing a

growth in traffic.

over as Prime Minister in March last year.

Most alarming for the government is that in recent years Irish people going abroad have spent more than the country earned from incoming tourists. In January 1987 a special tourism task force was given four weeks and a budget of 154m to come up with new ideas for promoting Ireland overseas. One result has been a "write and invite" campaign

under which about 3m cards

has also allowed greater com-petition in the home market.

Lingus, the state carrier, and Ryanair, an independent air-

line which started operation in

early 1986, has become excep-tionally fierce, particularly on the profitable London route.

and Virgin Atlantic have all cuttares. A multitude of new

For the passenger, who for too long had to pay some of the highest per mile fares in the

world to fly in and out of

Ireland, the new "open skies" policy is very good news. For

Ireland, it is a vital develop-

ment in its integration into the

rest of Europe.

routes has been opened.

British Airways, Dan Air

Competition between Aer

tacts overseas about the holi-days available within the country and the new air fares and routes which have made travel to Ireland cheaper and more So far, nearly 100,000 replies to the cards have been received. It is hoped that foreign tourist revenue will climb.

to I£900m this year and be over

were distributed within Ireland

asking people to write to con-

Eibn by the end of 1989. Bord Failte, the Irish tourist board, is putting emphasis on "theme holidays," with all-in-clusive golf, riding, sailing and fishing expeditions, carefully tailored to the tastes of the

foreign visitor. The board wants to see a growth in tourists from mainland Europe, particularly Germany and Holland. Last year

well over half the tourists who came to Ireland were residents of Great Britain while 378,000 came from the US and Canada. Most of these tourists are of

Irish extraction. The government recognises that much still needs to be done to attract those who have no previous connection with the Emerald

However, Bord Failte, along with other government bodies, has seen its budget cut and its resources for vital overseas marketing are limited. And there are other problems. The ongoing violence in Northern Ireland is still an important factor in discouraging tourists, especially those who are firsttime visitors from Britain.

Ireland is not as unspoilt as

pollution in many rivers and lakes and a rash of ill-conceived and umplanned building has cast a blot on areas of once

Moreover, Ireland is still an

expensive country. It needs to make itself far more interna-tionally competitive if ambi-tious tourist growth projections are to be met. Mr Haughey's government is keenly aware that action is needed. "A second-rate tourist industry will not meet the economic recovery," says the



800

200

At the bottom of the trough

Revenue Sourcedish Tourist Board

Stock market

son, merged to become Blox-

services and expertise in order

to survive in the more competi-

But the boom did more for

the stock market than lining brokers's pockets. The combination of high share prices and real interest rates made equity and market flotations popular.

again. Having gone more than 10 years without a new com-pany coming to market, Dublin

saw a rash of them from 1986, and the stream has not dried

yet. Among the more signifi-cant trends was that of Irish Agricultural Co-operatives to

seek plc status to help fund their development into genuine

food companies, rather than mere processors of milk and meat for EC intervention or

commodity markets.

The path was blazed by Kerry Group, which has a current market valuation of

Iti50m. And even post-crash blues could not weaken enthu-

siasm for the country's most successful beef baron. There

was a rush to buy the shares

when Mr Larry Goodman transformed grain company Merchants Warehousing into

Food Industries pic, and the share price is up 75 per cent from its launch just two

months ago.

Pressure from government

ministers anxious to reduce

exchequer support for develop

ing Irish companies helped spur the formation of the

Smaller Companies Market,

where flotations of less than 12300,000 can take place. Some of those who came to the SCM.

such as computer manual printer Printech and portable soldering iron manufacturer Oglesby & Butler, look highly

promising but would not have dreamed of seeking stock mar-

The Irish government's huge

borrowing requirement ensures a busy gilt market but

the improvement in the bud-getary position under Mr. Haughey's government has altered the landscape dramat-

ically. The Exchequer has

already raised more than enough funds to finance it for

the rest of this year and has

The moves and an expension of कार्य अध्यासन्तरम् अध्यक्ति स्वयंत्रा

ket funds few years ago:

ANYONE WHO survived the Crash of 1987, or who had funds to spare afterwards. would have done very well by investing on the Dublin stock

exchange this year. The Dublin market proved one of the most volatile in the post-crash period. Within three weeks of Black Monday, the equity market had lost 40 per cent of its value. The exposure of many leading Irish compa-nies to the US, especially Jefferson Smurfit, which accounts for 20 per cent of the market valuation, led to heavy mark-downs amid fears that a major US recession was imminent.

Those fears have receded. and as they did so, the market rebounded. The result is that it has gained 45 per cent during 1988, far exceeding the rises in London and New York and beating even Tokyo's 31 per cent increas

Brokers believe the market is fairly valued again in com-parison with London and other centres, and expect it to track the international trends for the rest of the year. But it has been a nerve-racking ride for all concerned.

Turnover on the Dublin Stock Exchange last year was over 1238bn, a 37 per cent increase on the previous year. Not surprisingly, it was a record year for equity turn-over, but at I£4.26bn, it high-lighted the fact that trading in government bonds, or gilts, is much the more important part of the market.

Stockbrokers, however, rely more heavily on equity dealings for their income and the steep decline after the crash sent nervous tremors through their offices in the environs of the Stock Exchange in Angle-sea Street. Many of those same offices had been much expan-ded during the boom, with an emphasis on front office share shops where callers could inquire about investment or complete transactions.

in December, equity turnover in one account period fell to 1£48m, a far cry from the record I£374m set in the account period to October 23. There was talk of lay-offs, amalgamations, even failure among broking firms. In the event, little blood was spilled, although there has been gen-eral tightening of costs all

The country's biggest broker, J & E Davy, moved up the street to plush new offices and

Better than Tokyo

an expanded dealing room on the site of the old Hibernian since the 1970s. Its position has been helped by foreign enthusiasm for itish and Maguire McCann Morrigits, with a net inflow of magnet to become History of the same magnet to be a second with the same s gilts, with a net inflow of around 15000m in the first half. around Recom in the first took, of the year. The main concern of the Department of Finance now is to reduce the cost of its domestic funding. Officials believe it is still too high, and ham Maguire and formed a joint company with a consul-tancy firm; a reflection of the need to offer a wide range of that gilt yields do not reflect tive environment which is

the progress in curbing the budget deficits.

Neither the department not investors seem happy with the current working of the market.

Province this many the George Elec-Earlier this year, Mr Tony Has-lam, investment manager of Irish Life Assurance, one of the biggest Dublin institutions. said changes were needed which reflect the needs of mar-inggest natural institutions.

Deregulation after London's
Big Bang had led to some
reduction in commissions
though Mr Haslam thinks they
are still too high - but no structural changes. Among the changes he most wants to see is the establishment of a glits settlement office to reduce the potential exposure of market

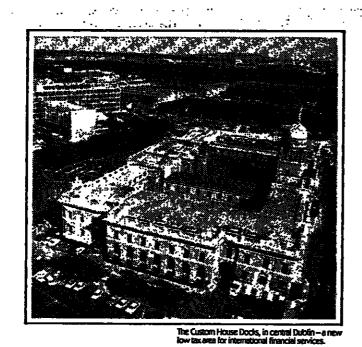
participants. The Department of Pinence also wants changes, especially any which might bring down the cost of funds. Earlier this year it launched a gift denominated in European Currency Units (ECUs) in which Allied Irish Bank agreed to be a market maker but it seems doubtful that this made the way forward any clearer. The problem is how to separate the market making function from the funding role, in a market where three of four major play-

ers dominate the scene. The Dublin stock market is looking to the future in more ways than one. At present, there are two proposals for the establishment of a futures and options market; one from the Stock Exchange itself, using the Topic information system, and one organised by National City Brokers, who have developed a screenbased dealing sys-

One thing everyone agrees upon is that there is room for only one such operation. NCB is the favourite, but so far no one has found a face-saving formula to let whoever loses exit gracefully.

ment for being

Additional research for



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Small country Big

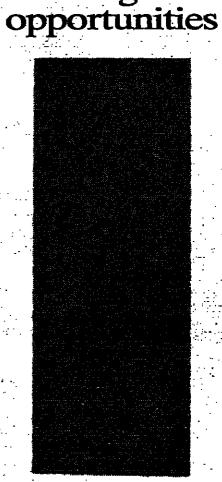
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# Summer sculpture

William Packer visits Jesus College, Cambridge and the Forest of Dean

ome years ago I was Keir Smith's carved railway involved by a friend in sleepers, no less symbolic but more finely worked, on the grass nearby. Oxford College gardens dur-ing the long vacation. Though it came to nothing, the idea was in general sym-pathetically received, but we did suffer a rebuff from the Garden Fellow of one great College, who teld us firmly: that old stone and modern art do not mix. Of course he was wrong. All art was modern art in

its time, and even the newest may take its place happily in an ancient or established setting. As with architecture. the issue is one not of nar-row category, which merely invites pastiche, but of qual-ity, imagination and common

An admirable demonstra-tion of this truth is now to be had at Jesus College, Cam-bridge, where the Master and Fellows have allowed the work of six artists into their courts and gardens. For Sculpture in the Close (until July 31: sponsors include the Henry Moore Foundation, Bar-clays Bank, Sun Alliance and Bastern Arts) they were encouraged to work, if possi-ble, to the particular site. But not all could, and with his large, classical "Bronze Horse" of 1983, that steps out so proudly across First Court, Barry Flanagan shows plainly enough that the most appropri-ate piece need not be; to use the jargon, site-specific. Denise de Cordova's symbolic carvings sit more privately among the bushes off to one side, with

grass nearby. But the site-specific pieces,

though not necessarily the more effective, are naturally the more intriguing in such circumstances. Veronica Ryan has been artist in residence at Jesus this year and played a large part in organising the exhibition. Her own main piece is an installation in the tiny is an installation in the tiny Cloister Court, where she has scooped a succession of shallow and ambiguous cavities from the smooth turf, each of

which she has lined with crum-pled, light lead sheet. David Nash's work is in Pump Court, where his "Beech Bottle Bush," a tower of rough beechwood blocks, closely ech-oes one of the ancient, wonky topiary bushes against which it

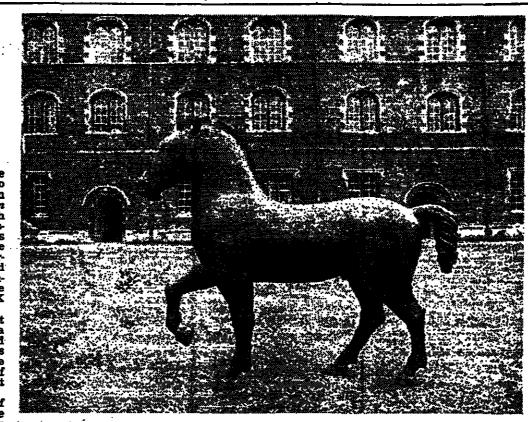
is set up. But the most spectacular, as it is the simplest, of all the site pieces is another installation by spadework. Richard Long s cut into the turf of the Fellows' Garden five concentric circles, the widest some 30 feet across and all of a consistent 6 foot wide V section trench. It is a simple image of no particular reading, yet fraught with ancient associa-tion and possibility: magic cir-cles, nine men's morris, "quaint mazes in the wanton green." The turis have been kept to be replaced when the show ends, but the Master, Colin Renfrew, its chief proponent, would like to have them sown with a different grass to preserve at least the snanow ... this strange, potent and satiserve at least the shadow of

Keir Smith and David Nash are two of the nine artists who two of the nine artists who took part, two years ago, in phase I of *The Forest of Dean Sculpture Project*, by which particular works were commissioned to be set up more or less permanently in the Forest. The Arnolfini, Bristol and the Forestry Commission were behind the scheme (with further sponsorship from the Henry Moore Foundation, The Carnegie UK Foundation, The Carnegie UK and The Elephant Trusts).

The hope was always that the project would run to a phase II, and so it has turned out. Indeed the project has been so successful that the issue is now not one of whether to continue but at what point to leave off.
This time Art Landmarks of

Bristol has taken over from the Arnolfini the organising responsibility, but all the other sponsors have remained with the project and South West Arts, Gloucester County Coun-cil and the Ernest Cook Trust have joined in. Phase II was officially inaugurated last Sunday, at the Speech House Hotel on the B4226 between Coleford and Cinderford.

The contrast could hardly be greater between the wild wood of the Dean and the cropped lawns and old stone of Cambridge, but the point is the same. If the piece is successful, it informs the place it occupies, kempt or unkempt, quite as much as it declares itself for what it is. Magdalena Jetelova's huge timber "Chair" on its hilltop is as spectacular as I



Barry Flanagan's bronze horse in the quad at Jesus College.

remember it, and David Nash's "Black Dome," a low mound of charred timber posts coming out of the ground like old teeth, covered in moss, the gaps now filled with rotting leaves, sits more mysterious and beautiful than ever in its

sunken, quiet clearing.

I was able to see three of the new pieces actually in place. "Rose in Hand" by Tim Lees starile en a natural platform above the entrance to a long-disused drift mine, from which it takes its name. Three large elements of local pink sandstone carry the record of all cutting and carving on their

surfaces, from the first split to the final polish. But it is also a kind of monument, a portal perhaps, or a fallen menhir. "House" by Miles Davies is a narrow tower on four legs of rusted metal, 20 feet tall, which

ends in a simple house-shaped block tossed high among the trees, its stillness pointing the incessant, nervous movement of the forest. "Observatory" by Bruce Allan is a simple, almost ceremonial ascent, to a plat-form some 12 feet above a quiet pond. The descent is at least as positive, a conscious re-entry into the living forest from which, for a moment, we had set ourselves apart.

his symbolic, silhouetted deer to browse above the stream. Ian Hamilton Finlay.

By now Zadok Ben David, who represented Israel at the Venice Biennale, will have put

Peter Randall Page will have set his large carvings, one based on a pine cone, the other on an acom cup, on a bracken covered hillside. And Cornelia Parker's "Hanging Fire," three hoops of orange-rusted cast-iron flames that combine into an inverted cone of fire will have been slung 20 feet up around a tree. Still to come are works by Sophie Ryder, and

# Girl Crazy GUILDHALL SCHOOL

This 1930 product of George and Ira Gershwin (music and lyrics), book by Guy Bolton and Jack McGowan, was designed to help launch the young Ginger Rogers as a Broadway star after her first film successes. Such numbers, now vintage Gershwin standards, as "Embraceable You" and "But Not for Me" should be enough for any musical, but Broadway was about to create another legend. A salty-tongued, leather-lunged unknown from vaudeville, a brassy broad with a vocabulary that would curl a matelot's hair, a voice like a foghorn, and limitless breath-control, was entrusted with an up-beat number noisy enough to cover a scene-change. The song was "I Got Rhythm". The former Ethel Zimmermann burst on the world as Ethel Merman. And Ginger Rogers thereafter

And Ginger Rogers thereafter concentrated on films.

The students from the Guildhall School of Music and Drama are in Cambridge this week with their highly enjoyable production. As ever with the Guildhall there is a first-rate orchestra (25 strong)

that the Broadway band included Benny Goodman, Gene Krupa, Glenn Miller and Jimmy Dorsey! Only the voice amplification seems odd: when miked, the singers sound cut off and distanced rather than projected into the house.

projected into the house.

The story is slight but much less inane than the usual musical-comedy peg to hang a string of songs on. Girl-crazy Danny Churchill is sent to Custerville, Arizona, for two years by his wealthy family in an attempt to calm him down. The attempt to calm him down. The plus-foured playboy falls for the only woman in town, the postmistress, and opens a dude-ranch for tourists (squealing girls in fringed buckskin skirts).

Sub-plots have Goldfarb, a stranded New York cab-driver, standing for sheriff, a post that incurs a high mortality-rate; a couple of crooked cowboys; and a wise-cracking couple redolent of gambling saloons, Slick Fothergill and Frisco Kate. A diversion to Mexico where the populace mislead-ingly sings "The Land of the Gay Caballero" leads to lovers' tiffs, a police chase, and even-tual reconciliation.

There are some funny lines ("She's got calves only a cow could love"), some of which may have been added later. Certainly the byplay between the two crooks and the fugitive Goldfarb in woman's disguise gets near the knuckle; and do
the lines "On Western prairies/
We shoot the fairies/Or send
them back to the East" really
come from the original?

Ben Miles and Anne Riley are romantic as playboy and are romantic as playboy and postgirl: interesting to hear "Embraceable You" sung in strict time after fifty years of smoochy versions. The torchsong side of the Gershwins' talent is brought out by Mary Whitesthing Warren Warren was a side of the control of the Whitcomb's Frisco Kate. In the Guildhall's sumptuous Orlando earlier this year she was demure in crinolines; she makes no attempt to "do" a Merman, despite a slight facial resemblance to a blonde Jane Russell, but pours out "Boy, What Love Has Done to Me" and "Sam and Delilah" with warm, lyrical tone. Mario Fran-gonlis (also notable in *Orlan*do's supporting cast) does a back somersault. Gerry Teb-butt's choreography makes "I Got Rhythm" utterly infec-tious; James Simpson's musi-cal direction underlines quotations from Rhapsody in Blue and Die Walkure; Martin Connor directs.

Martin Hoyle

# In the Paddington Style

In his Notebooks, Athol Fugard that Matshikiza (who also skimpily refers to his produc-tion of Brecht's Gaucasian Chalk Circle with the Serpent Players of New Brighton in 1964. "Fear seized Azdak" transitively: the schoolmaster of the amateur group was besten up by the police and detained for 90 days, and Fugard replaced him as the alcoholic

John Matshikiza's rambling. awkward but thoroughly enter-taining play at the Solio Poly sends up Fugard something rotten in the kudicrously intense figure of a hard-drinking Afrikaner director from Port Elizabeth. Ermin du

HIIII

Independence is in the neighbouring air of Rhodesia and Nyasaland, but the Pumpkin Players of the Paddington township are performing adaptations of Beatrix Potter in animal skins while Absalom Kingmal skins while Absalom Kingdom Bhundu, the local morticism and rising political star, is deciding whether or not to embalm the clustve corpse of the group's little old white lady founder.

Art infiltrates events on several levels. First, white liberal colonials are shown as draw-ingreeous comedia characters.

ing-room comedy characters. Then, an official clampdown results in a black. Ortonesone scenario of police pursuit and

And, most richly, the town-ship theatricals are cleverly enmeshed with pre-Independence debate on who owns the valley, with riots in the Governor's palace, and the doomed love of Grusha and the soldier. At which late point you feel

directs, too indulgently) should really have gone the whole hog and done his own relocated version of the great play. This would have caused problems, I admit, with Bhundu, whom Burt Caesar presents as a smiling, victous flesh-presser whose beautiful wife (Marsha Millar) finds respite from childbirth only with the Paddington Players, where she is inter-ra-cially cast as the Governor's

There is much spirited social knockabout in township kitchens and during rehearsals. The acquiescent colonial Quigley (doubled by David Mallinson with a solong botice oil thought everyone was black, including himself, until he was sent to Eton.

And the seraphic Jabu Mbalo illuminates each scene he plays as rabbit, peasant and post-Independence pink fla-mingo, with a sweet incompre-hension worthy of one of Fugard's own greatest collabo-rators in New Brighton, Winston Ntshona.

Tam Dean Burn's performance as Du Preez is as crudely drawn as his Ostrov-sky role for Cheek By Jowl earlier this year. Fugard as a figure of fun is not something that had occurred to me before, and I hope this vaguely slan-derous, satirical outline is offered in a spirit of either affection or mere jest.

If not, its place in Sunday's
Nelson Mandela birthday bene-

Michael Coveney

fit was surely in poor taste.



Burt Caesar, Jabo Mbalo and Pamela Nomvete

# Commemorating the Holocaust

The concert given by the London Symphony Orchestra in the Royal Opera House on Sunday night was designed specifically as a commemora-tion of the Holocaust. It was held to mark the end of a week-long conference in Lon-don, "Remembering the Future," on the impact of the Holocaust on Christian-Jewish relations in the modern world. The programme, conducted by Wodlemar Nelsson, was pre-dictably sombre and preoccu-

pled, as well as strangely ordered – it is hard to imagine any work following Shostakovich's Fourteenth Symphony, but that took up the first half of this concert, and Britten's Sinfonia da Requiem and the Adagio from Mahler's Tenth Symphony came afterwards. The LSO played without the benefit of the acoustic shell added to the Covent Garden stage for the concerts given by the house orchestra, but from a press seat barely a dozen feet from the principal cellist's left elbow it was in any case impos-sible to judge the quality of the

overall sound or often the

detailed accuracy of the textures. Certainly the Britten and Mahler seemed sometimes approximate, and the big Adagio especially was woefully lacking in drama – the arrival of the famous catastrophic dissonance was made to seem little more than a passing inci-dent along a bland journey. But much of the power of Shostakovich's masterpiece was preserved, largely thanks to the quite exceptional vocal per-

formances. Shostakovich offered alternative performing versions for the cycle of texts that make up the Fourteenth: they may either be all sung in Russian translation (the version usu-ally heard) or the languages of the originals - Spanish French, Russian and German – can be retained.

This performance elected to sing them all in English whether translations made directly from the original poems, or via the Russian texts was not clear. Certainly it gave a powerful immediacy to the songs that was quite appropriate for the occasion, a pun-gency enhanced by both Jose phine Barstow's and Willard White's singing. With such a pairing it was inevitable that the operatic undertones of some of the numbers would be emphasised, but nevertheless one was hardly prepared for the dramatic power of the Apollinaire Lorelei dialogue, nor for the withering intensity that Miss Barstow brought to
"Les Attentives I," or White's
simple directness desperately
moving, in "A la Santé."
Only the closing moments of
the symphony failed to realise
their full weight, not through
any shortcomings of the soloiets but because Nelsson failed

ists, but because Nelsson failed to extract the necessary massive unanimity from the LSO. Still, the performance was enough to efface memories of the remainder of the concert, and to foster the hope that Barstow and White may take part in a performance of the symphony that can heard in a more appropriate hall, and per-haps one with a more alert orchestral contribution.

**Andrew Clements** 

July 15-21

## Bruch's Odysseus ELIZABETH HALL

For years Bruch has been a one-work composer (the work in question being the favourite G minor Violin Concerto) and so any enthusiast for the com-poser has a lot of exploring to do. The conductor Christopher Fifield is one such, and having recently seen the publication of his biographical study of Bruch's life and works, he is now proving no less energetic in promoting the music itself.

The opera Die Loreley came first, to a rather mixed recep-tion; and that has now been followed by a performance of the secular oratorio Odysseus, given on Sunday afternoon by the Lambeth Orchestra. Despite Bruch's known enthusias and the sunday afternoon by the sunday afternoon by the sunday and the sunday afternoon to be supported by the sunday and the sunday afternoon to be supported by the sunday and the sunday and the sunday afternoon to be supported by the sunday and the sunday afternoon to be supported by the sunday and the sunday afternoon by the sunday afternoon siasm for Homer, this work does not set out to emulate a Homeric (or indeed Wagnerian) epic, and its selection of isolated scenes from the poem leaves us with a piece that never feels convincingly through-composed.

For this Bruch's conservatism is partly to blame, Leitmotifs were obviously out for somebody who stood so firmly opposed to innovation, but there is also an absence of what Verdi would have called a special "tinta" in the piece a colouring that might give the oratorio an identity of its own.

However exotic the locations Odysseus wanders to, Bruch always stays unimaginatively on the well-trodden pathways of the German musical tradi-

Regular four-bar phrases proliferate and the music has an uncanny aptitude for finding its way back to the tonic, even when it started a phrase striding purposefully off in the opposite direction. It cannot be the easiest work in which to generate interest, but Fifield's cated itself to the orchestra and the combined choral forces of the Thomas Tallis Society and the Collegium Musicum of London, whose efforts made up in commitment what they lacked in finesse.

The solo parts are gratefully written for the voice. The baritone Glenville Hargreaves provided suitably heroic vocal muscle for Odysseus; but the best singing came from the soprano Carol Smith in a variety of small roles and, espe-cially, from Susan Bickley, unshakably firm and resolute in tone as the mezzo Penelope. In her solos, at least, the score seemed to touch a deeper

Richard Fairman

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FINANCIAL TIMES

# ARTS GUIDE

Church, Spanness and Cast Color (226 5085). Orchestra of the Age of Enlightenment, conducted by Ivan Fischer with Timothy Brown (horn). Mosart. Goldsmith's Hall, Foster Lane (Mon). (236 0000). Dartington Pieno Trio. Heydn, Clara Schumann and Brahms. 10 Trinity Senson, ECS (Mon). (236 5086). The Chamber Music Company, Mos-art, Schubert, Liszt and Beethoven. 10 Trinity Square, ECS (Too). (236 5086).

5065. London Symphony Orchestra and Chorus, conducted by Enri Sanderling, Brahms German Requiem. St. Pani's Cathedral (Wed), (225 5085). Aquaries, conducted by Nicholas Cisobony with Jill Gomez, soprano, and Triple Tarest Dence Company. Falls and Gerhard (Thur). Queen Elizabeth Hall (\$28 3191).

i.Tinearnessione di Poppea by Monteverdi, with London City Opera and City of London Baroque Sindenia directed by Richard Hickon. Christ Church, Spitalfields (Mon and Wed).

MUSIC

London

Schleswig Holstein, This summer's Sectival has been extended to 176 con-certs in 29 different vennes. World class municisms will be performing

OPERA AND BALLET

Calisons. London Festival Ballet with Swan Lake and an interesting set of triple bills. (836 3161).

Paris Opera (Palsis Garnisr). Pler Luigi's production of Norma, con-ducted by Maximiano Valdes, holds brilliantly the strands of the roman

fragedy. It alternates with a produc-tion of Faust by Jorge Levelli in which, against a background of metal

in small villages from the island of Sylt in the north to Wotersen in the south, as well as in Manburg and

Lameburg.

Rightights are the Restival Orchestra, conducted by Leonard Bernstein and Sergin Celebidache and Christoph.

Rechenhach; Guiseppe Shoppell and the Philharmonic, and iona Brown conducting the Academy of St. Martin-in-the-Fields, Soloiets Inchide Gidon Kremer. Shigmo Mintz, Helin-Cidon Kremer. Shigmo Mintz, Helin-Cidon Kremer, Shkomo Mintz, Hein-rich Schiff, Hermann Prey and Peter Schreiser, Schleswig Holstein Festival, Postfach 3348, 2300 Kiel, West Ger-

Australian, Concertgebouw (Recital Hail). Youko Shiokawa, violin and Andres Schiff piano (Mon); Fins Arts Quartet (Wed). Ansterdam, Menwa Kerk (Dam Square). Bernard Winsemins, organ: Van Noodt, Blow, Purcell (Mon). The Consort of Musicket Porter, Lawes, Locke, Humfrey, Blow (Thur).

Rome, Pizzza del Campidoglio. Mezzo-sopramo Barbara Comrad singing Han-del, Brahms, Falla and Hall Johnson, accompanied by Patricia Sage (Wed). Pedro Ignacio Calderon conducting Bachmaninos's piano concerto No.

and glass, Funst and Maphisto become two facets of a dual personality. (47.42.87.50).

Lyens Opera Ballet in Condrillon (Marin/Prokofley), Muziekthester (Tue to Thur). (255 455).

New York City Bellet. A week of per-formances of Sigmund Romberg's. The New Moon comes at the begin-

Amsterdam

New York

3 (with planist Michael Rudy), Stravin-sky's Petrushka and three dances from Estancia by Ginastera (Thur). (654-1944). Rome, Villa Medici. Gregorz Nowak conducting works by three modern Italian composers: Luigi Nono, Gia-como Manzoni and Glandio Ambro-sini. (Tues). Rome, Chiesa di San Luigi dei Fran-cesi. Vespri Solenni, a reconstruction of 17th century works (Thur). (81.80.83).

(31.50.53).
Ravenna (Ravenna Festival), Loggetta
Lombardesca. Monserrat Caballe and
Marilyn Horn sing Bellini, Domizetti
and Rossini (Tues). (32577).

**New York** 

Mostly Mozart Festival. Mostly Mozart Festival Orchestra, conducted by Gerard Schwarz with James Galway and Eugenia Zuberman (Indee). Mozart, Mercadante, Cimerosa (Tue). Chamber music concert with James Galway (Inde), Joseph Swensen (violin), Paul Neubaner (viola), Philip Moil and Jeffrey Eahane (planos). Beethoven, Schubert, Mozart (Thur). Avery Fisher Hall, Lincoln Center (674 2424).

Jazz in July. A fortnight long festival begins with Dick Hyman's Perfect Quinter having Gershwin (Tue). The Duke's Descendants and guest artists play Duke Ellington (Thur). (Kauf-

Macbeth (Verdi), with Shirley Verrett,

Tokyo

mann Hall). (986 1100).
Satori Quintel. Wind ensemble playing Danzi, Malcolm Arnold, Debussy. Free concert at IBM Atrium 58th & Madison (Wed 12:30 mat).
St. Luke's Chamber Ensemble, with Kathryn Selby (plano). Beethoven, Messiaen, Mussorgaky Caramoor Festival, Bedford (Thur). (914 222 5035).

Bavinia Festival. Ensemble of Period Instruments, with Christopher Hog-wood conducting. Vivaldi, Telemann (Tue): Mozart, Haydn, Besthoven (Wed). Preservation Hall Jazz Band (Thur). (728 4642)

Shinsel Nihon Symphony Orchestra, conducted by Ondred Lenard, Verdi Requiam. Tokyo Bunka Kaikan (Mon). (985 4896). Traditional Japanese Music: Music of the Edo Period. Daishoin. Senso-ji Temple, Asskusa (Mon, 3pm). (408 1126).

1126).
Maxim Vengerov (violin), Mozari, Beethoven, Chausson, Debussy, Suntory Hall (Mon), (235 1661).
Chamber Music by Japanese composers: Paris as Metaphor. Sogeisu Hall (Tues), (408 1126).
London Brass. Bizet, Gabrielli, Tokyo Bunka Kalkan (Tues), (545 5345).

ning of a 20-week season that includes new productions of Rigolatto, il Barbiere di Siviglia and the world première of Jay Reise's Basputin. State Theatre, Lincoln Center (496 6660). National Ballet of Canada. A weeklong season festuring Onegin choreographed by Cranko in one programme, followed by La Roade performed with Blue Snake. Ends July 23. Metropolitan Opera House, Lincoln Center (362 6000). Justino Diaz and the Fujiwara Opera Company, conducted by Michelangalo Veltri and directed by Paolo Trevisi. Tokyo Bunka Kailam (Mon, Wed, Thurs). (371 5384). Kudiyafiam: Classical Dance Drama of India. Laforet Museum, Akasaka (Mon). (461 0888).

Zephyre. World première revival of an opera ballet by Rameau, conducted by Jean-Claude Malgiotre with the Baroque Orchestra of the Tokyo Sum-mer Festival. Produced by Prancois Raffinot. Shinjuku Bunka Centre (Wed). (350 1141).

# Bobby McFerrin

It is always a hit or miss business, dropping in on the rituals of a minority cult. Bobby McFerrin is not a hig name in the UK, but in New York he can stuff his mantelpiece with Grammy awards and sell out the Carnegie Hall. He also has a surprisingly large, and very enthusiastic, British following, (beautifully multi-racial by the way) which just about jammed the Victoria Palace on Sunday night for

this rare appearance.

McFerrin's act is unusual to the point of uniqueness. He was trained as a classical singer and has a fine voice with an impressive range from basso profondo to counter tenor. Rather than let it loose on opera he prefers to play games with it. He wanders on to a bare stage wearing old jeans and a loose red shirt, holding a hand mike. He then proceeds to perform songs using his voice to resemble musical instruments while tapping his chest with his hand to provide the beat.

His skill is in switching from a low note to a high one in a masterly: they even provide different scale in the same the vocals in "Drive my car" breath. He also throws in some lyrics occasionally, while keep-ing up the background accom-It is not my cup of cocoa at paniment. It is like a jazz all but there is obviously a singer who has forgotten his demand for these vocal pyrolyrics desperately indulging in scat, but here the performance enjoyed the quiet moment is programmed to perfection. It is, of course, intensely irritating to the non convert. Why not just sing "Somewhere over sions any day.
the rainbow" rather than squeak out the notes, however

perfectly pitched. What saves the show is McFerrin's personality. He is relaxed to the point of liquidity. He spends many minutes shaking hands with most of the audience, and is quite likely when meeting someone with a name that takes his fancy in this case Dennis, to turn it into a mel-Disappearing into the back of the stalls earned him some despairing shouts from the cir-

cle where he was lost to view. He immediately climbed up the theatre to perch at that level while serenading the girls in the balcony above. It was like being confined with a talented but hyperactive ten year old. He probably realises that tapping your chest and grunt-ing into a mike is a limited entertainment, so he livens up the act by enticing half the audience on stage to provide a chorus for an improvised Afri-can chant. He also lured on three girls who danced with amazing grace while he "docahed" away. His hold on the affections of his fans was

when he "chanted" a moving homage to Nelson Mandela, but give me animal impres-

while he concentrates on the

Antony Thorncroft

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday July 19 1988

# Iran opts for a ceasefire

ceasefire in its war with Iraq is the most welcome and hopeful international development since the agreement on the Soviet troop withdrawal from Afghanistan in April. Of all the regional conflicts, the Iran-Iraq war has been the most costly, both in human and economic terms, and potentially one of the biggest threats to world

The war has involved not only the two main protagonists, who are estimated to have lost more than one mil-lion killed or wounded, but directly or indirectly a substan-tial part of the Arab world, the superpowers and the oil-importing nations. It must be conidered something of a miracle that, in spite of constant Ira-nian attacks on international shipping in the Gulf, the presence in the area of warships from the US, several other Western nations and the Soviet Union, and dangerous incidents such as the shooting down by the US of an Iranian airliner, a wider conflict has not broken out.

#### **US-Soviet relations**

Part of the reason can be found in the improvement in the relationship between the US and the Soviet Union since Mr Mikhail Gorbachev came to power in 1985. The international community, it is true, was slow in waking up to the gravity of the crisis when it broke out in September 1980. It took days for the UN Security Council to meet and, when it did, it failed to condemn the Iraqi invasion or to call for a return to pre-war frontiers, merely asking for a ceasefire. Iran's feeling that the international community was hostile to its cause was partly rooses in saliure to condemn Iraq. as partly rooted in this initial

However, the members of the Security Council, not least the US and the Soviet Union, have made up for their initial inaction over the past year. Their adoption of Resolution 598 calling for a ceasefire and

THE announcement by Iran withdrawal of forces almost yesterday that it had accepted the United Nations call for a achievement and an indication that the US and the Soviet Union were genuinely interested in putting an end to the Gulf war. Even more remarkable is the fact that the Security Council members have stuck to their guns since then. The other factor that has

played a big role in Iran's change of heart is sheer physi-cal and economic exhaustion, which has undermined the war effort and even the political unity of the leadership. A series of Iraqi victories since the spring of this year has helped to bring more moderate leaders to the forefront. The nomination last month of Ali Akbar Hashemi Rafsanjani, the Speaker of the Iranian Parliament, as head of the Armed Forces General Command, was an indication that those who wanted to reach an accommodation with the West were gaining the upper hand.

#### Low-key reaction That impression

reinforced by the relatively low key reaction from the Iranian Government to the shooting down by a US warship of the Iranian Airbus. Nothing is more indicative of Tehran's more chastened attitude than yesterday's statement by the Armed Forces General Command which said that bravery and defence of Islam could be achieved elsewhere than on the battlefield and by other than military means.

The mere acceptance by Iran

of the ceasefire resolution does not, of course, automatically bring the war to an end. The initial reaction of Iraq, which accepted the resolution in principle shortly after it was adopted, was both critical of the language in which the Ira-nian acceptance was couched and suspicious of Tehran's real intentions. The US has also been very cautious. But at least the prospects for a settlement of a conflict which has destabilised the whole Middle East region have never looked better since it began eight

# Unsolved issues in electricity

THE UK Government's plans for privatising the electricity industry are still incomplete and many of the most difficult issues have been left until last. It is high time these issues were opened up for scrutiny.

The 16-page white paper published in February sketched an outline structure, leaving uncertainties about the effect of regulation on commercial relationships within the indus-try, the allocation of risks and the conflicting pressures for high profits and low prices. After five months of lobby-

ing by different factions, the Government's thinking on these questions remains obscure. No considered analysis has been published. Yet decisions to be taken while the privatisation Bill is being drafted over the next four to five months will be fundamental to the reshaping of one of Britain's most important industries.

The uncompleted agenda includes: the general powers of the regulator, the design of a formula to control prices and the extent to which generating costs will be passed through to consumers; the terms on which competing generators will be allowed access to the national and local transmission networks; the powers of the national grid company and methods for allocating unfore-seen and allowable costs in the nuclear sector.

#### Efficiency incentives These are not details, as any

regulator of the US private sector electricity industry will testify. The reason is that in an industry characterised by large elements of natural monopoly most of the incentives for economic efficiency must be provided by good regulation. For example, an apparently subtle change in the rules for passing increased fuel costs through to consumers can have a big effect on investment plans.

A permissive rule which required consumers to pick up all fuel bills could allow the industry to maximise profits by building too many cheap, inefficient power stations. On the other hand if generating companies were exposed to all well as investment risks, the

building of large fossil fuel plant could be stifled, as has happened in the US. Getting the incentives right is a difficult ert, which must be

based on thorough economic analysis. This is particularly important in setting regulated prices of electricity transmis-sion. If prices are set too far from the true economic costs, distortions and inefficiencies will result. A few private gen-erators and their customers might benefit, but a general penalty for inefficiencies of the system will be imposed on consumers and therefore on the the economy at large.

## Varying costs

Studies by the US National Regulatory Research Institute demonstrate that the true costs of transmission can vary by a factor of 500 in different circumstances and at different times of day. Designing regulations to give even approxi-mately correct pricing signals to generators and distribution companies will be difficult. No doubt, compromise solu-

tions can be found, but these two examples emphasise the need for more careful analysis and informed public discussion than has been evident so far. The Government should publish its preliminary ideas as soon as possible. Almost every-body whom the Government is now consulting will have a commercial interest in the out-come. Even the Government itself is interested in profits from the sale, which would tend to be increased by a loose or fudged regulatory regime.

The main danger is that in their haste to draft a Bill by the autumn, ministers will adopt a series of cosmetic solutions. This danger is increase by the pace imposed by the Cabinet to meet an electoral timetable. Civil servants in the Energy and Environment Departments appear to be competing in a bureaucratic eggand-spoon-race to get water and electricity to the finishing post on time. In these circumstances errors of judgment become more likely and it will be even more important that the regulator should be given wide powers to pick up the the risk of rising fuel prices, as pieces and refashion them where necessary.

# FINANCIAL TIMES | Andrew Gowers on a breakthrough that could signal the end of the Gulf war

# The peace of exhaustion ing months; and if irsu can be kept in line; if all these happen, what does the future held for a region which has been shaken by the shocks of war for longer than many of its inhalting over the remarkable.

fter nearly eight years, more than a million wasted lives and hundreds of bil-lions of dollars, it looks for the first time as if the Gulf war may finally be drawing to a

Iran's statement yesterday apparently agreeing to a cease-fire drew a cautious initial reaction from Western capitals an appropriate response, given the number of false dawns to which the war has already given rise.
But if it is followed through,

the announcement that Iran is prepared to accept unconditionally United Nations Security Council resolution 598 - which calls for an end to hostilities and the withdrawal by both sides to pre-war borders - will open the way for an end

to one of the longest and bloodiest conflicts of the 20th century. There are other implications. An end to the war should lead to: A significant reduction in tension in a region that con-tains more than 50 per cent of the world's proven oil reserves,

and a consequent lowering of the political temperature else-where in the Middle East. • The possibility that the US and other Western nations can reduce their naval pres-ence in the Gulf. • In time, a major reconstruction boom, fuelled by interna-

tional aid, which will benefit companies from all over the In any event, however, an end to the war will leave both Iran and Iraq looking inwards, faced with a host of more or less intractable domestic prob-

The Iranian statement vesterday came as a bolt from the blue. In the 12 months since the Security Council unani-mously passed resolution 598, the Tehran leadership has ducked and weaved. With considerable diplomatic skill, it has staved off the threat of UN sanctions to enforce the call for a ceasefire. In April, Iran cam close to endorsing a plan for implementing the resolu-tion drawn up by Mr Javier Perez de Cuellar, the UN Secretary-General, but hardliners in the regime baulked at the last minute.

There has been a palpable growth of war-weariness in Iran over the last year. And Iranian forces have been ejected from much of the Iraqi territory they had captured in recent weeks. Taken together, these developments had led observers to expect that the conflict might be allowed to manageable level. But until peace terms had been denounced as biased in favour of Iraq — and nobody expected Iran to accept them so forth-

rightly.
The consensus among Western diplomats in Tehran and Iran-watchers elsewhere had been that Iran could never sue for formal peace while Ayatol-lah Ruhollah Khomeini, the author of the country's Islamic revolution, was alive. The AyaFeb 79: Islamic Revolutionary Forces take over Iranian

Sept 80: border clashes between Iran and Iraq; trag invades tran

Khórramshahr

Sept - Dec 81: Iran counter attacks, recaptures Abadan May 82: Iran recaptures

June 82: Iraq retreats from last position on Iranian soil

Juty 82: Iran reject Security Council resolution appealing for ceasefire; orders advance on Baghdad

1983: iranian offensive; Iraq attacks Iranian oil platforms

Feb - Mar 84: Iran launches major offensive to cut Baghdad- Basra road, advances into oll-rich

April - May 84: tanker war

Mar - Jun 85: unsuccessful Iranian offensive in Howeiza marshes; start of War of the

tollah has consistently called

for a continuation of the war

until the overthrow of Iraqi President Saddam Hussein. Yet

yesterday's statement from the

newly-established Armed

which could not have been

issued without his approval - calls merely for the "exposure"

of Iraq as the aggressor in an international inquiry into the

Yesterday's statement turns conventional wisdom on its

head in a number of other ways. It comes close to stating

that Iran, which has been call-

ing without obvious success for redoubled efforts at the bat-

tlefront for several months

now, no longer has a military option, and that victory should henceforth be defined in diplo-

matic terms. It amounts to an

admission that Iran, which has

always insisted that the war

and the revolution are one and

the same thing, has been forced to choose between pros-

ecuting the war and focusing

on its economic, social and

political problems at home. More broadly, it represents a tacit abandonment of Iran's

goal of global Islamic revolu-tion - which was always sup-

posed to begin with the estab-lishment of an Islamic regime

in Iraq - in favour of a more

limited policy of "Islam in one

huge gamble, but it reflects the

desperate straits in which the

recent string of military set-backs has placed them. Ever since Iranian forces were

pushed out of Iraq's Fao penin-sula in April, the overriding

impression in Tehran has been

one of political as well as mili-

tary confusion, accompanied

by a worsening economic crisis. The regime had become

For Iran's leaders, this is a

origins of the conflict.

Forces General Command -

**Eight years of war** 



Feb 86: Iran captures territory on Feo peninsula

May 95: Iraq counter attacks, captures Mehran but loses it in July

Aug - Dec 86: Iraq launches Intensive air attacks on Iranian economic structure Feb - April 87: War of Cities resumes; tanker war intensifies July 87: UN Security Council July 87: US starts convoy operations for US flag ships in Gulf

May 87: US frigate Stark hit by Iraqi missile Mar 88; War of Cities escalates; Iran encounters difficulties in long-threatened offensive

April 88: in response to mining of US frigate, US navy destroys 2 tranian oil rigs and clashes with tranian navy

April 88: US warships in Gulf offer assistance to neutral shipping

July 88: US navy shoots down Iranian civil airliner, Iran appeals to UN

statement but that the state-

ment did not stem from a genu-

ine desire to establish real.

enduring peace. "It spoke of reasons and circumstances in a

tactical multi-stage pro-gramme," he said.

There has been evidence in recent days that lrag, which

initially accepted resolution 598 on condition that Iran did.

is stiffening its own peace

terms following its recent

string of victories on the bat-tlefield. The fear among UN

officials working for an end to

the war has been that Iraq

would become over-confident as a result of its military suc-

cesses and scupper any chance for peace which did not meet

its maximum conditions. Omi-

nously, a statement from President Saddam Hussein on Sun-

day calling on Iran to accept

did not mention the impartial

"honourable" settlement

Tokyo, the war had caused both countries total losses (in terms of extra military expenditure, lost gross domestic product and uninvested capi-tal) of \$4150n by 1986: \$1890n for Iran and \$226bn for Iran Redirecting the resources of

inhabitants care to remember?
One consequence of an end
to hostilities would affect the

Western nations now maintain-

ing a costly naval presence in the Gulf - especially the US.

But the most significant

both political and economic will obviously be felt in Iran and Iraq themselves. For both countries, an enormous recons-

struction effort will be naces-sary in the next few years.

As the war has ground on it has absorbed ever increasing proportions of their oil revenues. Iraq has got itself into debt to the tune of perhaps \$600m, the servicing of which will continue to be a major than of aroundities wall to the continue to the servicing of which will continue to be a major than of aroundities wall to the continue to the servicing of aroundities wall to the servicing of aroundities wall to the servicing of aroundities wall to the servicing of aroundities around the servicing of the servic

item of expenditure well into the 1990s. The industrial infra-structure in both countries but especially in Iran, which has suffered severe damage from Iraqi bombing raids — is in a sorry state.

All in all, according to Mr Kiyotake Tsuli, a research fal-

low at the Japanese Institute of Middle Eastern Economics in

in a sorry state.

As the war has ground on, it

these two countries into peace-ful activities will clearly take time. If reconstruction is to be effective, their own funds will also need to be supplemented with international assistance, provision for which is made in

But both Iran and Iraq will have formidable potential and both will present enticing opportunities for international business — in a post-war era. Iraq claims to have the second biggest oil reserves in the world after Saudi Arabia, and has recently been unleashing the considerable energies of its private sector to revive trade, industry and agriculture. Iran is fertile and its large populace is highly enterprising.
Perhaps the biggest peace-time challenges in each case

will be political. The ruthlessly authoritarian President Hussein, who has used the war to tighten his political grip on Iraq, will continue to face a host of problems arising from the country's delicate ethnic and sectarian mix — especially in Kurdistan, home of up to one third of its population and scene of a powerful Iranianyears. The Iranian leadership, having apparently broken the hitherto unbreakable link between the war and the revolution, will have to find new

with perhaps the biggest chal-lenge of all: citizens who will soon be looking for a real dividend from peace.

#### Iran is tacitly abandoning global Islamic revolution in favour of "Islam in one country."

the political leadership around the pivotal figure of Hojatoles-lam Ali Akbar Hashemi Rafsanjani, who has been parlia-ment speaker since 1980 and was last month appointed acting military commander in

anxiously aware of its diplo-

matic isolation, with all that

implied for access to interna-tional markets. The dangers of

political fragmentation after

Ayatoliah Khomeini's death,

which many observers see as not far off, were potentially

Apart from sheer exhaus-

tion, however, there are sev-

eral reasons why Iran should have decided to cut its losses

now. In the first place, there are signs of consolidation in

Since being named to his new post by Ayatollah Khom-eini, Mr Rafsanjani has been working to bring Iran out of its international isolation. The decision to accept resolution 598 is almost certainly in large part his, and therefore a mark of his political strength. The culated that if such a difficult decision has to be taken, it is better to get it out of the way while the Ayatollah — the main unifying force of the revolution — is still around.

A second factor in yesterday's announcement was the

present configuration of forces on the battle front. Now that the Iranians have been pushed out of southern Iraq and have largely withdrawn from the the Gulf on July 3. That error, and the resulting death of all 290 people on board, has had the - slightly surprising effect of encouraging the prag-matists among the Iranian leadership. They protested to the UN Security Council about the incident in the first direct Iranian contact with the UN body for nearly seven years. And last week, Mr Ali Akbar Velayati, the Iranian Foreign Minister, evidently used his presence in New York for the Security Council meeting to pursue intensive discussions

mountainous northern region

of Kurdistan, the battle lines

broadly conform to the interna-

tional borders. As Mr Michael Armacost, the US Under Secre-tary of State for Political Affairs, suggested last week,

this removes one of the most potentially troublesome aspects of resolution 598 for

the Iranians — namely the withdrawal of forces. Thirdly, there was the US

Navy's shooting down of an Iranian civilian airliner over

The question now is how Iran's dramatic move can be translated into peace. Mr Perez de Cuellar was yesterday consulting urgently with his aides with a view to selzing the ini-tlative. There are major obstacles still to be surmounted. First is the Iraqi reaction. Mr Latif Nassif al-Jassem, Baghdad's Information Minister, said yesterday that Iraq was "studying notes" on Iran's

inquiry on the origins of the war which the UN is empowered to set up under resolution Iraq certainly has its reasons for wanting to avoid an investi-gation, since the verdict would almost certainly lay a larger share of the blame on Baghdad and such a result might have unpleasant domestic political repercussions for Mr Hussein. On the other hand, Iran's acceptance of the resolution

national community – espe-cially the Soviet Union, Irag's most important arms supplier with an opportunity to put a measure of pressure on the Irani regime. If Iran's acceptance of

ceasefire is genuine and is fol-lowed through; if the world takes up this challenge; if the machinery of peacekeeping and confidence-building can be wheeled into place in the com-

ways of defining its goals.

And, after the initial popular relief at the end of the war, both regimes will have to cope

## Elders in the City

These may seem odd times in which to launch a new stockbroking business in London, but Roach International took off quietly yesterday. "We did a little bit of business in Italy, some in France and some in Scandinavia," said John Band, who heads the new firm. Roach is owned by Elders Finance Group, a subsidiary of Elders IXL. Band helped to found Ark Securities, a stockbroking arm of Banque Nationale de Paris, in 1986.

But he says Ark was becoming too much involved in the normal business of a commercial banker, so he set out to find a new backer. Elders fits because it is strong fmancially. It is also already in financial services, having a stockbroking firm in Austra-

lia, a private client firm in the UK in the form of Cobbold Roach, stockbroking interests in Hong Kong and Singpore and is contemplating going into Thailand. Crucial point perhaps: Elders is independent enough to resist any takeover bids that may

go on in the European financial services market pre-1992. Band admits that at the age of 35 he may have landed on

The aim is to deal in European and Far Eastern markets for large corporate clients. The initial breakdown is expected to be 70 per cent European. Elders, it turns out, provides a bonus for all its employees, however remote: own brand lager at 40p a can.

## Intested tube

■ As if the London underground did not have enough problems, it is suffering from various infestations. The tunnels - we now learn provide a perfect ecosystem for a wide range of species. Circle line travellers have long been accustomed to pigeons

# **OBSERVER**

and mice. At the ends of the central line there is a more exotic wildlife which includes rabbits, foxes and a variety of small but non-poisonous The northern line was the

most seriously affected. It had a blight of mosquitos. London Underground says that the warm conditions and occa-sional puddles which gather under the platforms appear to have created a perfect envimonment for breeding. A pest control company, European Specialist Cleaning, was brought in to help. It states that there was no health risk and that the insects have been eradicated.

Fouquet's at risk Fouquet's, one of the land-marks of the Champs Elysées, is in peril. The restaurant and cafe on the corner of the Ave-nue Georges V and the Champs is threatened with closure if it fails to negotiate a new lease with its landlords, a group of Kuwaiti financiers. Fouquet's claims that it cannot

One of the favourite haunts of the French film industry and Parisian show business afford the "outrageous" rent increase that the Kuwaitis are demanding. Other sites have long been given over to fast food pizza and hamburger joints, but the possible closure of one of the few establishments to have escaped Ameri-canisation has caused an outcry in Paris. Many of Fouquet's long standing customers have decided

to group themselves together in an effort to save the restau-rant and bar and are planning to appeal to Jack Lang, the culture minister. Perhaps they should also try to lobby Arab circles. During the past few years, Fouquet's has become one of the favour-

ite cafés of the Arab and Leb-



anese community which has settled in the Champs Elysées and Georges V neighbourhood. The French have a reputation of being adept at Middle East

Parrot law ■ The White House stargazers

and fortune tellers should know that their client's arch enemy down in Central Amer ica recently consulted his own metaphysical expert. The Nicaraguan President, Daniel Ortega, last week expelled the US ambassador, closed down the opposition press and expropriated the biggest private company in the country. Then he went to maugurate a cattle fair in the town of Camoapa, one of the most conservative parts of the country where the "contras" have managed to make some head-

Ortega was invited to take a chance with a fortune telling green parrot. He paid his twenty cordobas, the cage was opened, and from a boy of

scores of different cards the bird plucked out a message for the President. It read: "You are too soft with

# Standard faces ■ Standard Chartered is hav-

the average age of its board as part of its effort to revive its fortunes, which have flagged since the abortive takeover bid by Lloyds Bank in Three new appointments were announced yesterday. Rudolph Agnew, the chairman and chief executive of Consolidated Gold-

fields, Patrick Gillam, manag-ing director of BP, and Paul Rudder, director of BET, are all joining the board in August Agnew and Gillam are 56 and Rudder is 60; the three men they replace were 70.
Sir Peter Graham, chairman
of Standard Chartered, says
the new directors were chosen "because they are outstanding in their fields, and bring a strong and up-to-date manage ment approach." The common interest that

Standard and Consgold have in South Africa and gold is a coincidence, says Graham, But Standard has always tried to have an oilman on its board and Gillam of BP fits the bill Yesterday also saw the arrival of Rodney Galpin, the former Bank of England director who will take over as chairman. The tentative date for the switch is November 15, but Graham says: "If Rodney wants to do it quicker, that's fine. If he wants to do some more travel and research, then

# Frinton fun

"Harwich for the continent." the sign always went and someone would add: "And Paris for the incontinent." For some reason the graffito at Harwich has now been changed to: "Frinton for the

I'd be prepared to stay longer."

# The Royal Bank of Scotland plc

# **Base Rate**

The Royal Bank of Scotland announces that with effect from close of business on 18 July 1988 its Base Rate for advances will be increased from 10% to 10½% per annum.

# David Lascelles on the new worldwide capital adequacy rules

ANKING is about to achieve the distinction of being the first industry to be regulated on a worldwide basis. In the coming months, banking supervisors in the world's leading industrial countries will begin applying the terms of a capital adequacy accord which was signed by governors of the Group of Ten central banks in Basie last week.
But historic though the accord may be

it is only the first step in a process which may take another decade to complete. Mr Peter Cooke, the Bank of England official who chaired the negotiations on the accord, says: "It's a small step in a small

The accord creates minimum capital requirements for banks which operate in the international markets, and as such should provide a stronger underpinning to the world banking system, and ensure that

banks compete on equal terms,

But the accord is limited to credit risk;
the risk that loans will not be repaid. Although this is one of the main source of losses by banks, today's sophisticated financial markets contain many other dangers for banks as well, principally the threat of loss through swings in interest rates, currencies and securities prices. Officials will now begin working on these issues as well.

The process which led to the Basic accord was itself the work of several years by the Cooke Committee. But the final version which emerged from the Gover-nors' meeting was only changed in a few respects from the proposals which were put out for discussion last December. It creates a definition of capital, and lays down a formula for working out how much of it banks must have, based on the riskiness of their assets.

Defining capital has proved the most difficult part of the exercise, with supervisors wanting banking institutions to be founded on capital which was permanently available to meet losses, but which would take account of the wide varieties of capital that exist in the banking industry. The result is a complicated compromise in which at least half of a bank's capital must consist of "core elements": equity and disclosed reserves. The rest can be made up of long-term debt and other

This marked a setback for the West Germans who maintained that only pure capi-tal should be counted, and the Bundes-bank managed to include a statement in the final communique saying that it wanted to see further work on this issue. The problem for German banks is that, while they have sufficient equity to meet the Basle levels, they make little use of debt. Banks like the British, which have a more balanced mix of debt and equity, emerge better placed emerge better placed.

A concession was also made to US banks which have issued several billion dollars worth of quasi-equity called perpetual preferred stock. They can count it as core capital so long as there is no obligation to make up for interrupted dividend pay-ments — in other words that it is non-cumulative like common stock. Most of what the US banks have issued is cumulative so the concession is a limited benefit. But it does give them the option of issuing non-

The Basic capital convergence accord

- All international banks to be subjected to the same capital regime.
- Capital: Tier one to consist only of equity and disclosed reserves, including non-cumulative perpetual preferred stock.

  Tier two to include other forms of capital and general provisions. At least 50% of capital must consist of tier one
- Q. Risk assets: all banks assets, including off balance sheet commitments, weighted according to their riskiness.
- 🗫 Rick asset ratio: all banks to have capital equivalent to at least 8% of their risk-weighted assets. National supervisors to set individual levels for each bank.
- Each country may apply its own criteria, using the accord as a minimum

# Banking without borders

borrowers whose credit standing was con sidered to be better than the rest, and whose risk "weighting" could be reduced. The top category of country borrowers is to consist of the 24 full members of the OECD. Countries which have arrangements with the IMF through the General Agreement to Borrow (GAB) are also included though this adds only Saudi included, though this adds only Saudi Arabia (which is believed to have lobbied quite hard behind the scenes to have its name added to the list). However, Turkey, which has foreign debts of \$34hn, is an OECD member, so bankers will have to decide whether to give it a heavier weighting themselves.

The accord does not try to distinguish between commercial credit risks, so Exxon and ICI count the same as the local supermarket. Many bankers argue that this is illogical. But the alternative would be for banking supervisors to get so deeply involved in credit decisions "that they might as well come in and run the bank," as one banker said.

Although banks have until the end of cumulative in future.

A change of a more political nature was made by introducing a category of country

Although banks have until the end of 1992 to get their capital up to Basle levels, the impact of the accord has run far ahead

of it, particularly in Japan where banks will need to raise the greatest amount of new equity. One unspoken purpose of the Basle accord was to subject Japanese banks to the same capital discipline as western banks.

IBCA, the London-based bank analysis firm, estimates that Japanese banks will need to raise \$50bn in new equity. This summer, Industrial Bank of Japan (IBJ) alone is making a record rights issue of \$2.2bn. But while this is being halled in some quarters as a welcome constraint on Japan's lightly capitalised and highly competitive banks, the strain on them may not be as great as it looks. Japanese bank stocks continue to trade at about ten times the multiples of European and US banks, making equity a relatively cheap source of

Senior Japanese bankers, such as Mr Kaneo Nakamura, the president of IBJ, say that pressures of capital will force them to rein in asset growth and concentrate on

nones.

In the US, the majority of leading banks are expected to be able to meet the 1992 deadline through a combination of retained earnings and fresh capital, as are banks in Europe. A special case are the large state-owned banks in France and Italy whose governments will not supply new capital. Mr Jean-Maxime Lévèque, the chairman of Crédit Lyonnais, said his bank will need to raise between FFr3bn (£285) and FFr4bn from the market to meet

While Basle will create more consis-tency and soundness in the international banking system, it will also have its cost. Banks will have to put more capital behind their assets, and this means higher, fees and lending margins, particularly in the intensely competitive multinational market. Mr Michael Welch, UK corporate officer for Citicorn save: "Capital conofficer for Citicorp, says: "Capital con-straints are going to squeeze the market. We tell companies they should go ahead and get money while they can."

By adding to banks' costs, Basle may also reduce the competitiveness of the

banking industry. Some people believe this may be a good thing since it could dampen some of the excesses which have produced crises in the lending and capital markets.
On the other hand, the accord may also reduce profitability and put greater pressure on banks to take risks by lending to less creditworthy borrowers who are pre-pared to pay more for their money. Although the riak weightings have been designed to discourage imprudent bank-ing, this could be one the accord's more

ironic effects. Mr Cooke comments: "Banks will have to continue to use their own credit judg-

Transitional arrangements now come into play to bring the accord into full force by the end of 1962. A delicate task in the intervening years is to marry Basle with the banking directives of the EC which are also due to be completed by then and, unlike the Basle accord which is volunteer will have full force. tary, will have full legal force.

Looking further ahead, bank governors are already talking of creating a similar international regime for the securities industry. This prospect may be rather daunting for financial service practitioners, but it recognises the fact that financial markets operate these days with scant regard to national boundaries

that has happened to Japan's relations with any other nation for some time is called Mr Kazuo Chiba. This encomium is not designed to secure a permanent place at his table, as the new Japanese Ambassador to the Court of St James, nor is it intended to denigrate the worth of his predecessors, either in London or elsewhere. It is simply a recognition of the fact that diplomats of his cath-olic talents do not grow on trees, be they bonsai or Calif-

ornia redwoods.

Last week, Mr Chiba, with tongue intermittently implanted in cheek, sought to enlighten an assembly of British journalists on the historical dimensions and problems of Japan's current foreign policles, which is indeed a hot sub-ject. So hot, indeed, that a con-tribution to the debate in this column on May 25th appears to have had a greenhouse effect

in Tokyo.

The article, written after the first of Mr Noboru Takeshita's two visits to London in May, suggested that the Prime Ministerial excursion was a perfect example of the Japanese addic-tion to diplomatic form over substance. It lamented the minimal British interest in the visit, but it argued that Japan had to share the blame for this sorry state of affairs; it suggested that it was not enough simply to come to London to praise Mrs Thatcher and go on about cultural exchanges but preferable to be prepared to talk turkey wherever and whenever the opportunity

It is flattering, but a bit unnerving, to strike a major chord. The reverberations from Tokyo were that the article had been taken very seriously. One acquaintance made a comparison with the little boy in the fairy tale who had pointed at the emperor who had no clothes; Japanese newspapers and television commented on it; requests for interviews flooded across the desk; the Foreign Ministry issued assorted rebuttals, stressing that Mr Takeshita and Mrs Thatcher had struck up a most

meaningful relationship.
Some even suggested that
the Japanese pyrotechnics at the Toronto economic summit in June demonstrated that a lesson had been taken to heart. This is hard to credit. For a start summit planning of this thoroughness is not confected overnight; secondly, officials as able as Mr Michibiko Kumihiro, from Mr Takeshita's office, and Mr Toyoo Gyohten, the Vice Minister of Finance, need no lessons in briefing the press, of east or west, from anybody; thirdly, there is no dispute that Japan can make, should make



# When Japan joins the rule makers

and is making contributions to economic policy making.
But, as Mr Chiba gently
pointed out the other day, the debate about Japan's role in the world certainly is not con-fined to the Japanese them-selves, and therein lies a rub. For it is hard to imagine a nation which pays so much attention to what others think of it as Japan does. So he cites with relish articles from successive editions this month of Time and Newsweek, the first hailing Japan as a new super-power, the second wondering whether the first ever visit by a Japanese Foreign Minister to Israel was really necessary. He left the country pushed to evolve a definite international role by itself for itself.

However, Mr Chiba senses that the outside world is beginning to define such a role for Japan, which is that it "should join in the process of rule-making." This partly reflects
Japan's greater perceived fitness for admission to the club
because of its economic prowess and because it is democratically stable, but also because "Japan is now seen as intelli-gent, according to the rules of At this point, the irony gets

heavy enough to slip into sar-

Jurek Martin meets an ambassador for Japan's changing role in the world community of nations

throws in a few more Western media contradictions, including the FT but mostly from the American press, itself, as he wryly notes, a comment on the relative levels of interest in his country. "It just shows how difficult it is for the Japanese to understand what is expected

Mr Chiba is fond of historical irony. Thus he argues that the main theme of Japanese history is one of "traditional isola-tion" – not, he stresses, isola-tionism – and that this has produced "a certain mentality." Both the military expansionism before the last war and the economic successes since then are very much in this tra-dition of a kind of self-reliance that was once marked by Japan's "rice culture". The present proviso, he says, is that Japan has learned in the last 40 years that it must not

casm. After all, it is coming from a man whose curriculum vitae includes not just the ne plus ultra of Tokyo University Law School, but also the Fletcher School of Diplomacy at Tufts University; the experience of negotiating the rever-sion of Okinawa to Japan from the US; diplomatic postings in Moscow, Atlanta, Berlin and, as Ambassador, to Sri Lanka; and the chairmanship of GATT. Mr Chiba thinks, for example, that the United Nations is a "noble institution" and "satisfying intellectually."
If any Japanese is (a) "intelli-

gent" and (b) understands the Western rules of the game then it is Kazuo Chiba (and he can recite them in French as well as in English). But he is Japanese and an Ambassador and, out of conviction, convention or both, must reflect his nation's values. Thus the les-

son of the 1930-40s is that "we cannot force our role on anyone else . . . we need the com-pany of like-minded societies." This, he argues, fits with the Japanese social ethic of har-mony. It is a fair point; after all, Japan sought to describe its pre-war expansionism as

"co-prosperity."

Mostly by implication, he does not see it as absolutely necessary that Japan, now the second largest contributor to the UN system, be recognised with a permanent seat on the Security Council. Changes in the organisation should be "slight but realistic" and the difficulties of reform should not be underestimated. But again, in contrast to orthodox Japanese dogma which sees the institution as something between an umbrella and a crutch, he has no illusions

about the UN
A central question about Japan's role concerns its assessment of the US and whether its power is in relative decline. Mr Chiba skirts delicately around this subject, citing American cultural influence as one good reason why it is not, before adding, quickly, that "maybe culture is the last resort of the rogue diplomat." But, as a good historian of the US, he cannot see why its record of flexibility, creativity and wisdom cannot be applied to the future. "The US will remain a major player and anyone who wants a leading role - and not just Japan will need the US as a partner." Dialectic critics may wish to reflect briefly on his use of the

indefinite article.

The official Japanese position is that if the drive towards 1992 turns Europe into a for-tress, then it will be a bad thing. Maybe this helps explain the intense Japanese interest in European unification. Mr Chiba takes the fortress threat less seriously, though he con-cedes it is a risk. Mostly, though, he sees it as a potentially great event for Europe, and "if it (1992) is the main-stream of change, engulfing all, then we the Japanese can take it in our stride."

It is arguable that the bigger question is whether the Western world can take Japan in its stride. For if Mr Chiba is right, and Japan is to be admitted to the "rule-making" club, then this presupposes a willingness to consider and consult Japan at every stage in the process and on every subject, not just the economic ones. Thus it is logical that the Japanese Foreign Minister should go to Israel and that there should be a Japanese presence on peace-keeping missions. It also follows that some long-standing Japanese policies, such as its admirable refusal to export arms, should be respected.

# TETTERS

# Calling an end to the bureaucratic games

From Mr Victor Orlik.

Sir, Some British papers, including yours, present Mr Gorbachev's proposals in such a dramatic and panic stricken tone that he might be offering not to reduce troops and armaments in Europe but to esca-

In your editorial ("The Wrong Road to Arms Cuts", July 13) you accuse the Soviet leader of "putting Nato on the psychological defensive." Perhaps. But what prevents Nato from going over to the psycho-

Prom Mr Bryan Cassidy.
Sir, Peter Montagon's report.
("Looming shadow of fortress Europe", July 14) draws our attention to the need to reas-sure the EC's trading partners that 1992 does not mean putting up the shutters against

One can understand their fears when words like "reci-procity" creep into the discus-sion of the EC's future external economic relations. Like "level playing fields" and "free but fair trade", the word is a sign of closet protectionism.

I know from my regular con-tacts with him that Willy De Clercq (the member of the European Commission respon-sible for external trade) is not a protectionist. Nevertheless, there are undoubtedly aspects of the EC which are protection-1 Mariket

tectionists in the Commission in Brussels, in some Member States, even in the European Parliament. But I believe they are in a minority. Certainly, I take great comfort from the staunch denials of "fortress Europe" intered by both the British Prime Minister and the British Prime Minister and the newly reappointed President of the European Commission.

Bryan Cassidy, European Parliament, 37, rue Belliard, 1040 Brussels

logical offensive in the field of further arms reductions. In East Europe we would respond to such an offensive with three

I think that as regards a pan-European summit. Mr Gor-bachev did not intend to drive a wedge between the US and Western Europe. As soon as the idea is contemplated seriously by the West, the US and Canada could become potential participants of such a forum. whose historical and political significance would be no less important than the Helsinki-

shows readiness, we can dis-cuss the issue of the imbalances and asymmetries, even before the start of the formal talks, in connection with the exchanges of data on troops Could this be described as "megaphone diplomacy"? Mr Gorbachev does not have to

1945 meeting.
As regards "the Soviet superiority in tanks and men"

(your words), may I refer you

to just one phrase in Mr Gorba-

chev's speech to the Polish Seim, where he said: "If Nato

engage in propaganda exercises - there are other ways and other people to do the job.

The second of the second

He is sending out a political impulse, endeavouring to play his part in the creation of a climate in which long drawn-out "games of bureaucrats" are no longer acceptable. But he cannot create such a climate alone. Hence the armeal to our European neighbours. It takes two to tango. Victor Orlik.

# Breaking out of 'fortress Europe' How to read the hedge clauses

ist - the Common Agricul-tural Policy being the most fla-grant example. Another is the EC's anti-dumping rules which sometimes seem to be applied to protect inefficient European industries - as with the From Mr Christopher H. Burt. Sir, Your newspaper and other nationals published a half-page advertisement regarding the issue of shares in National Telecommunications plc on July 9/10. Some 250 sq cm were devoted to an applica-tion form. However, a tiny fracactions against Japanese elec-tronic typewriters and printtion form. However, a my mar-tion of the 250 sq cm was given over to hedge clauses advising the potential investor not to invest before reading the list-ing particulars and seeking advice from a professional Undoubtedly, there are pro-tectionists in the Commission

financial adviser.

These admonitions no doubt the letter of the law. Neverthe-less, how sincere is the offerer?

first class post, so writing for listing particulars was not the solution since the closing date for applications was July 14 1988 at 10 am.

keep the offerer well within Where are potential investors supposed to obtain the listing particulars if they are not close to the addresses given in Lon-don, Birmingham, Manchester, Edinburgh, Leeds, Bristol,

Glasgew or Southampton? The advertisement acknowledges for working days should be allowed when depending on

One can only draw the con-clusion that the publication of incomplete information together with a form soliciting applications is an obnoxious practice. However, if this advertising is to be permitted, would it not be a useful compromise to require such advertisements to give a 24-hour telephone number which could be used by those who wish to receive full information?

Christopher H. Burt, Les Granges de Beauvoir, Ivy Gates, St Peter Port, Guernsey

# 'The Indian Railways' PRS has been a remarkable success'

From Mr Richard Heeks.
Sir, Having studied the
Indian Railways' passenger
reservation system (PRS) for
some time, I find Stephen
Cooke's article on the subject
(Technology, May 88) highlyill-informed. It is, I fancy, an
example of the dangers of trying to make "what I saw on my " P RIKE ing to make "what I saw on my holidays" into a serious article.

Artillians.

A Lugi .

1

His first error - a common one - is to mistranslate the Indian measure "crore" into millions. Bombay's PRS cost Rs 17 crores which is Rs 170m not Rs 1.7m (£71,000) and therefore represents several million pounds. If Mr Cooke had any sense, he would have realised that £71,000 hardly pays for the air-conditioning unit, let alone a twin VAT 8650 system with allow passengers to get their

Gigabytes of hard disk space, hundreds of terminals, and miles of networking cabling. The system was never intended to address the prob-lems of train overcrowding but, by dramatically reducing unessed the PRS was purchased from the passenger amenities fund, the purpose of which is to improve services without necessarily hoping for any direct return on invest-ment, although the PRS is esti-

such as working hours spent waiting in line. Mr Cooke criticises the Indian system of form filling. The whole point of this is to

mated to save £4m annually on

previously wasted resources

journey details correct before passing them on to the counter clerks, thus reducing the potential for time-wasting mis-takes and misunderstandings. So called "irrelevant details" on the form are all part of the system for fraud prevention, which anyone who had spent a little trouble could have found

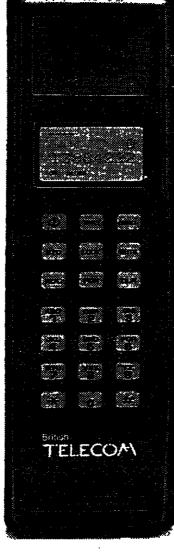
To imagine that all the activity occurs at the main station completely misses one of the main advantages of the PRS – that it provides computerised reservation services to suburban' stations, enabling passengers to reserve a ticket locally without having to travel all the way to the main city station. The computer system does

do almost all the reservation

work and issues the tickets. It also sorts out the accounts (a task which each clerk had to spend 1-2 hours every day doing manually before), sets up train reservation charts, and provides managers with detailed and accurate information on passenger traffic flows. The Indian Railways' PRS has been a remarkable success

considering the huge data vol-umes with which it has to cope, and it is something of which india is proud because it was conceived, written, installed and run entirely by Richard Heeks Faculty of Technology, The Open University,

# That's about the size of it.



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# FINANCIAL TIMES

Tuesday July 19 1988



# Soviet rejects call for Nagorno-Karabakh secession

ARMENIAN demands for the ARMENIAN demands for the Nagorno-Karahakh region to be transferred from the neighbouring republic of Azerbaijan were yesterday rejected by the praesidium of the Supreme Soviet, the Soviet Union's top executive hody. executive body.

As a result, the Transcauca-

sian ethnic crisis seems likely to continue. The emergency praesidium meeting agreed "measures that would ensure the region's real

autonomy," according to the Soviet news agency, Tass. But it decided the province should stay part of Azerbaijan. Nagorno-Karabakh's local soviet (council) voted last week to secede from Azerbaijan and declared itself a part of Armenia, following five

months of protests and strikes

Nobrega, the Brazil-ian Finance Minister,

faced the country's London-

based bank creditors yesterday as part of his efforts to gain

support for an accord on a \$62bn bank debt rescheduling

and \$5.2bn in new loans.
"Our idea is to look for a solution for the debt problem

in a co-operative way. We don't think confrontation pays and

that's why we expect a positive reaction on the part of our

partners in the international community," he said.

The accord, if successful, should strengthen the belief

that Brazil's debt moratorium in February 1987 was flawed,

in February 1967 was nawed, whether in concept, execution, or both. However, the extent to which banks will put up cash to support this change of heart depends crucially on the details of the accord that they have in front of them.

In yesterday's presentation, and in the presentations to be

Europe this week, the Brazil-

ian team and the country's

leading creditor banks, headed by Citicorp, will be trying to impress on banks the points which emphasise the differ-

ences between this package

and the ones which have gone

They will point to the cash-flow benefits for banks in join-

ing the deal. Estimated interest

to banks on medium and short-term debt covering 1987

to 1989 totals \$20.9bn, of which

will be \$17.3bn. This, it is

hoped, puts into perspective the \$5.2bn in new funds being

sought from the banks. Mr William Rhodes of Citi-

corp, chairman of the bank advisory committee for Brazil, describes the deal as "by far

the most innovative package we have offered since the debt

in the area. Armenia had been seeking the transfer of the enclave either to itself or to direct rule from Moscow. Yesterday's decision came at

the end of a lively, eight-hour session that pitted the leaders of Armenia and Nagorno-Kara-bakh against almost all the other speakers. Leaders of other Soviet

republics condemned "strong-arm tactics" such as strikes, and blamed the unrest, which has claimed at least 36 lives, on "anti-perestroika forces." They also criticised economic disrup-tion caused by the strikes in Armenia and called for early implementation of a Government package of social and economic measures for Nagor-

Mailson da Nobrega: confro

The package also contains

"substantial opportunities for

Brazil to convert a large amount of its foreign debt into local currency." The agreement, together with current debt conversion schemes, could allow for a reduction by 10 per cent of the country's roughly

Banks which provide new

money will eligible, after a 12-

month lock-up, to participate

in a debt-to-equity programme

with debt conversions allowed

at face value for the first time

in any such programme. Some \$600m a year will be available

for three years, equivalent to 34 per cent of the banks new lending. The existing debt-to-

equity plan, which accounts for a maximum \$150m a

\$80bn bank debt

Nobrega unwraps a new package

Stephen Fidler on the attempt to reach a debt re-scheduling accord

Nagorno-Karabakh's recentlyelected party leader, had ear-lier argued that the region's Armenian population could not be satisfied with material benebe saushed with material teak-fits alone, "to the detriment of national-cultural and spiritual development." Secession was the only possible solution. Other speakers called for a compromise, such as putting

Nagorno-Karabakh temporarily under the jurisdiction of the Russian Federation, the largest of the Soviet Union's republics. The refusal to compromise on the Armenians chief demand that the largely Azeri

Christian enclave be removed from Moslem Azerbaijan seems ment package of social and cortain to spark more strikes. Certain to spark more strikes. The praesidium saw an unprecedented clash between the leaders of Azerbaijan and Armenia. Mr Grant Voskanyan, the Armenian President, called for self-determination "total insubordination." for Nagorno-Karabakh, although he said Armenia was making no territorial claims.

He argued that, under Azerbaijani rule, the region had suffered socially and economi-cally, and the "national rights cally, and the "national rights and dignity of its Armenian population" had been infringed. Adoption of a resolution upholding the status quo "could bring pain and disappointment to the Armenian people," he said.

Mr Suleiman Tatliyev, President of Azerbeijen, said there

dent of Azerbaijan, said there was no political, economic or legal justification for separat-ing the region from Azerbaijan. He accused Nagorno-Kara-bakh, where there has been a

\$2.2bn in such financing arranged for Mexico and which

reduced the popularity of that

It is clear that while the International Monetary Fund linkage in the package is more flexible than seen elsewhere, there are substantial tie-ins

with official creditors. The sec-

ond tranche, of \$600m, has fewer conditions than the

other two, but even that requires a status report from the IMF managing director confirming Brazil's progress under its economic programme, World Bank disbursements, and a Baris Club

ments, and a Paris Club rescheduling.

Mr da Nobrega confirmed that the country would make good the interest payments on its bank debt until the end of

this week, a move which should help smooth the way for the package.

However, the second half of an interim financing package agreed with the banks late last year, and to have been completed late this mostly will be a second half of the second half of the mostly will be a second half of the second half of

pleted late this month, have to be postponed until the full agreement becomes effec-tive. This would free \$3bn - \$2bn from banks and \$1bn

from Brazil's reserves - for-mally to clear last year's debt

backlog from February to Sep-

tember 1987. All 114 banks involved nee

to agree to the extension of the interim agreement before it

can become effective. This may

prove to be a tough task. Once

would probably be well on the way to achieving the "critical mass" – 90 per cent by value – of banks needed before the

package becomes effective, expected in October. While Brazil's foreign bank lenders

number more than 700, the critical mass could theoretically be achieved with the con-

sent of fewer than 150 banks.

general strike since mid-May,

Real power in the region was now in the hands of "anti-state elements who have neutralised party and state bodies."

Mr Pogosyan argued that the region had been inhabited by Armenians from time immemorial and was "part of their fatherland." Noting contradic-tory articles in the Soviet con-stitution, which provide argu-ments both for and against a redrawing of boundaries, he said Azerbaijan's references to article 78, under which the con-sent of both republics would be needed for a transfer, were "attempts to evade a solution."

"It must not be allowed, in a socialist state, that one people decides the fate of another."

# Brussels has fresh plan for wine lake

in Brussels

THE European Commission will today unveil details of a new plan to shrink the Euro-Community's ample wine

The proposal-set to be for-mally adopted at today's full meeting of commissioners in Brussels -provides for a big dis-

The idea is bound to prove controversial with some mem-ber states. A similar scheme sanctioned in 1986 imposed such tight restrictions that it proved largely unsuccessful.

National concern is likely to centre on the distortions which

market.
The EC's wine surplus, or the other hand, is proving to be one of the Community's most nagging financial head-aches, with stocks of distilled alcohol accumulating rapidly

ply.

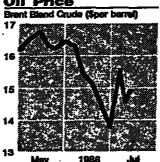
The table wine sector poses a significant problem. Output there has tended to stabilise, and in following fast but consumption is falling fast as tastes have switched generally to quality wines.

Some third of table wine pro-

Under EC rules there are two types of guaranteed buying schemes: in one case the EC finances all the costs; in the other Brussels' contribution is confined to the cost of disposal The significance of the new plan is that it would give the

#### Oil prices rise in hope of production cuts

Continued from Page 1 Oil Price



not thought to have had much, if any, effect on the trend of off prices in recent years.
Although Iran's ability to
export crude has been badly
damaged at various times, other oil exporters, notably the United Arab Emirates, have been more than willing to make up any deficit.

Analysts agree that the two belligerents will have a great need of oil revenues for economic reconstruction if they do reach a peace settlement.

By Tim Dickson

posal programme to reduce the 7.4m hectolitres of unwanted wine alcohol sloshing around the EC.

a stock disposal programme could create in the alcohol

due to the underlying oversup

duction is thought to end up in

Commission greater flexibility to take advantage of market opportunities when they arise.

# UK may resume export credit guarantees

BRITAIN'S Export Credits Guarantee Department hopes to announce a speedy resump-tion of medium-term export credit cover for Brazil once that country has completed new agreements with the International Monetary Fund and Paris Club group of official This emerged in Whitehall

yesterday after Mr Mailson da Nobrega, Brazilian Finance Minister, requested a restoration of cover in a meeting yesterday with Mr Nigel Lawson, Britain's Chancellor of the

Brazil has long been worried about the way in which its inability to tap official export credits as a result of its debt problem has depressed imports of essential capital goods. The ECGD suspended medium-term cover for Brazil in 1983, since

when it has supported only exports sold on short-term credit arrangements.

The ECGD would make no

official comment on Mr Nobrega's request yesterday. but a spokesman said the department was currently reviewing its position in the light of Brazil's talks with the IMF and Paris Club "in the hope that these negotiations prove successful."

Mr Nobrega also asked for British support for a Brazilian proposal to reschedule debts to the Paris Club of Western creditor nations, which meets next week to consider the request. Brazil owes some \$17bn to these official creditors, although the rescheduling will cover substantially less than that and involve only maturi-ties due up till the end of this

Britain is Brazil's fifth largest official creditor and bankers estimate its share of any Paris Club deal could involve debts worth in excess of \$600m.
"Brazil is the only middle-income country in Latin America which is not enjoying coverage from Paris Club members," Mr

Banks can elect to take up to \$5bn of so-called exit bonds,

which pay a 6 per cent fixed interest rate over a 25-year

term. These are convertible at face value into local currency Treasury bonds, indexed to

either inflation or the dollar. These will be tax-exempt bearer bonds for which a sec-

ondary market is expected to

develop, since there is poten-

tial for demand for them

within Brazil: for example,

from companies which wish to

hedge an increase in capital.

Exit bonds will also be usable

in the country's planned debt-

The package, which includes more possibilities to "re-lend"

funds to clients inside the

country than any previous package, also contains no con-

for-exports schemes.

Nobrega said at a news brief-ing yesterday. Canada has provided some cover for Brazil since the debt crisis started, but other leading industrial countries have held

Last week, however, the US Export-Import Bank also said last week it would again con-sider export credit applications, but would not approve them until the Paris Club rescheduling was complete. Mr da Nobrega who started a week-long European tour at the weekend met the chair-

man of the clearing banks on Sunday night and yesterday was also scheduled to see Mr. Robin Leigh-Pemberton, Governor of the Bank of England, and commercial bankers whom he is trying to persuade to join a record \$62bn debt reschedul-ing accord, which includes a request for \$5.2bn in new

Included in this new money package is a \$600m medium-term trade financing, with a nine-year maturity.

Brazil has gained a \$500m bridging loan from Western countries led by the US, which is providing half of the financ-ing, likely to be officially announced in Washington and drawn down soon.

The country's IMF programme is expected to win for-mal approval next week.

# Dukakis and Jackson embrace party unity

Continued from Page 1
- has accommodated Mr Jackson, the runner-up in the party's primary election.
There is no deal, there is no fine print," the Governor said, when asked to define the

entente cordial.
In an effort to bolster the image of party unity, Senator Lloyd Bentsen, Mr Dukakis'. choice as vice president, appeared alongside Mr Dukakis and Mr Jackson. Not since the

**WORLD WEATHER** 

1960 Democratic presidential ticket of Senator John Kennedy and Senator Lyndon Johnson had the Democratic Party presented the country with such a broad-based coali-

But yesterday's show of unity has yet to be tested. Mr Jackson - who delivers a major address tonicht - must convince his supporters that he has indeed won the conces-

#### Britain raises interest rates Continued from Page 1 D-mark. It believes the reduc-

tions prevented the pound from rising to unsustainable The Treasury said yester-

day's move was part of the pro-gressive tightening of mone-tary conditions begun in early Tomorrow's money supply

figures for June are expected to show another strong rise in credit and the Treasury's main monetary indicator, Mo, which measures mostly notes and coins in circulation, growing outside its pre-set target range. The Treasury said the ratio-nale behind the successive

rises in interest rates since June was to achieve an undramatic slowdown in the rate of economic expansion which was unsustainable. Higher interest rate levels should help restrain the growth in mortgage and personal credit, it said.

Mr Michael Fearnside, Halifax's General Manager for Marketing, said, "We will wait until later this week before deciding on our rates from

August"
Big clearing banks such as
National Westminster and
Lloyds which still have mortgage rates below 10 per cent are also likely to move this

week. Others, including Bar-clays, Midland and TSB, which have put up their mortgage rates to over 11 per cent in the past two weeks, are likely to wait before a further increase.

The base rate rise will hit hardest at the "new lenders," or mortgage companies, which rely entirely on money market funds. Most of these have already put up their rates to around 10.9 per cent and will now have to move again.

In London, the dollar closed at DM1.8820 compared with DM1.8760 on Friday and at Y134.70 compared with Y135.25. THE LEX COLUMN

# New weights for Opec's scales

one puzzle yesterday, and they got two-first base rates, then-the oil price. The prospect of peace in the Gulf creates opposing tensions for the oil processors and the property of the oil processors the property of the oil processors the property of the oil processors the processors the property of the oil processors the processors the processors the property of the oil processors the processors the property of the processors the processor that the processors the pro opposing censions for the on market; on the one hand, Iran and Iraq should both be able to step up production, and Iran in particular should be able to

particular should be able to increase its shipments. Alternatively, peace might mean the strengthening of Opec as a political force, and the restoration of quota discipline.

In leaning to the latter view yesterday as shown by the near\$1 rise in oil futures the market is perhaps reverting to a naïve belief in Opec's fundamental efficiency as a cartel. The bullish view also glosses over the fact that Iran and Iraq exceed their combined quotas exceed their combined quotas already, and that if the fighting does stop, both sides will need does stop, both sides will need oil revenues for reconstruction. As for interest rates, the market is showing further signs of division. The half point rise is probably sensible in itself, since it steps up pressure at home for a rise in mortgage rates, without causing too much sitr on foreign exchange desks overseas. Hereafter, one

desks overseas. Hereafter, one school of thought sees 11 per cent base rates next week, and 12 per cent on the near hoxizon. Another says that beyond this point the exchange rate cannot take the strain; and that in any case, pushing the building societies into a 2 per cent rate rise practically guarantees inflation at 6 per cent by the year end, and is thus self-defeating. Money market rates yesterday were saying this second view is wrong, but the authorities, after all, only need to follow the market if it

#### RHM/Midland Bank

The clear impression given by Midland Bank's decision to help finance a hostile takeover bld for RHM is that it is more bld for RHM is that it is more profitable for clearing banks to help rape their customers than to stand by them through thick and thin. However, the corporate sector is partly to hlame for this breakdown in traditional banking relationships by its continuing efforts to force down hanking margins. And down banking margins. And while RHM's accusation that Midland reneged on a verbal

undertaking not to engage in any hostile action is disturb-ing, Midland is not alone in believing that it is worth dumping marginally profitable corporate banking business in return for some very handsome fee income. As for RHM, its efforts to embarrass Midland could well backfire, especially if it insists on pretending that Midland's action is hostile to the interests of RHM share-

#### Amstrad/IBM

The recent behaviour of the The recent benaviour of the Amstrad share price suggests that all news is good news if it comes from Mr Alan Sugar. No doubt yesterday's cross patent deal with IBM will remove certain potential barriers to Amstrad's product development that as the ment programme; but as the market was scarcely losing sleep over such problems in the first place, it is difficult to see why their removal should be worth 3 per cent on the shares. But even if the market is reacting to the wrong news, it is probably moving in the right direction: despite yester-day's rise, Amstrad's rating remains in single figures.

#### **Tomkins**

It is hard to fault a seven-year record which has seen earnings per share growing at an average of over 40 per cent per annum, and dividends rising more than twice as fast as the 14 per cent annual average for the UK. Yet a prospective multiple of a shade over 10 times earnings demonstrates that Tomkins is finding it no easier than its role model . Hanson -to convince a sceptical market that it can continue growing

THE DISCERNING PERSON'S GUIDE TO LONDON

ealthily without the need to make ever bigger acquisitions. In its quest for size, it has been in its quest for size, it has been more restrained than many of its rivals in issuing paper, can point proudly to the steady growth in its net asset value, and siresses organic growth of over 20 per cent per annum.

However, it remains unclear how much of this so-called organic profit growth reflects cost-cutting and repositioning of products in higher-margin markets, or indeed the exceptionally buoyant conditions in its building products operations, all of which are arguably one-off benefits. If Tomkins were to suspend its formula of a mega-deal a year, it would be much easier to measure the sustainability of its organic growth and its rating would likely improve. But given its strong balance sheet,

given its strong balance sheet, it is unlikely to resist for long the siren calls of its merchant

#### Atlantic Computers

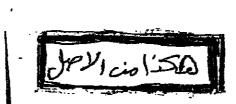
Given the rate of consolidation in the UK independent computer leasing sector recently, it should not have taken great foresight to predict that Atlantic Computers, the market leader, might turn out to be vulnerable too. But for a com-pany which should easily man-

pany which should easily manage 15 per cent earnings growth this year, a prospective p/e of just 7.2 times closer to 5.5 times if net cash is stripped out cannot have included much of a bid premium.

However, the market had little trouble yesterday putting a name to several companies which might think it worth their while to close the gap between a p/e of 7 and an average market rating — implying an offer price of 25 a share, a third above yesterday's suspenthird above yesterday's suspen-sion price. GEC, which already operates a small property join venture with Atlantic, was inevitably high on the list; but while expertise in asset financ-ing would be welcome, for GEC to spend a third of its cash mountain on an acquisition which would provide little short-term earnings enhance-ment would be an interesting reversal of policy. Nor is it self-evident that those who 28 last year will be willing to part with them for £5 now.

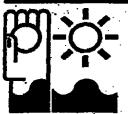
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## THE OUTFITTERS Where do the top drawer stock up on their sock drawer? The most traditional of English quality hosiers and shirtmakers is New & Lingwood, 53 Jermyn St. SW1. Founded in Eton in (bless their little cotton socks). Five generations later, the ties with Eton (and Cambridge) continue, but now there are also two London shops. Simply the best hespoke shirts in town. The quality is excellent, the finish superb, the fabrics wonderful. Very British, yet exciting. The same could be said of Le Meridien Hotel. Traditional, yet different. We don't cut corners either. MERIDIEN PICCADILLY PICCADILLY, LONDON WIT OBH TEL: 61-784 8000. TRAVEL COMPANION OF AIR FRANCE.



FINANCIAL TIMES TUESDAY JULY 19 1988

# SECTION III **FINANCIAL TIMES**



A mood of gritty realism has replaced the optimism of earlier decades as environmentalists

confront the problems facing mankind. But the conservationists remain concerned that

governments are not doing enough. John Hunt reports

# Keeping up the pressure

economics of ecology, Small is Beautiful, Dr E.F. Schumacher concluded that the way to deal with the threat to the biosphere was disconcertingly simple. It was a matter of each person putting his or her own house in order. Guidance for the future could not be found in science or technology but in the traditional wisdom of

Dr Schumacher's influential book was published at the beginning of the 1970s, in the aftermath of the optimistic 1960s. Since then, the struggle to protect the environment the effects overproduction and development has proved an exceedingly long and difficult one that does not lend itself to simple solutions.

This mood of gritty realism was reflected over a decade later in the report of the World Commission on Environment and Development set up by the United Nations and chaired by Mrs Gro Harlem Brundtland then Norwegian Prime Minister and a former Minister of

Environment. The commission first met in October 1984 and published its report in April last year. As an illustration of the scale of the

environmental problems still

IN HIS seminal work on the facing mankind it published a list of the various disasters that occurred during that intervening period.

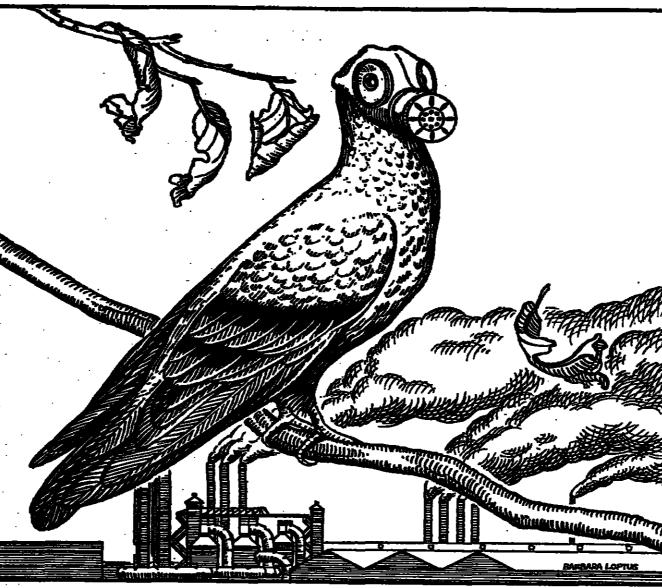
The leak from a pesticides factory in Bhopal, India, killed over 2,000 and blinded and injured over 200,000. The Chernobyl nuclear reactor explosion in the Soviet Union caused nuclear fall-out across Europe, the long-term effects of which have yet to be quantif-

A warehouse fire in Switzerland caused agricultural chemicals, solvents and mercury to flow into the Rhine, killing millions of fish and affecting

drinking water. Liquid gas tanks exploded in Mexico City, killing 1,000 and making thousands homeless There was an environmental crisis in Africa, triggered by drought in which possibly Im people died. Yet despite this gloomy cata-

logue, progress has been made. The public is more aware of these issues and governments some begrudgingly - are being spurred into action. Last September there was an impressive display of interna-tional unity on the question of depletion of the ozone layer around the earth. The largescale production of chlorofluor-

carbons (CFCs) for use in aero-



# Care of the Environment

sols, plastic foam and refrigera-tors is believed to be the main cause of the problem. About 40 nations agreed to reduce the production of CFCs in order to contain the threat which arose from the discovery of the ozone hole over Antarctica and the realisation that its thinning could lead to a dangerous increase in ultraviolet radia-

The organisation Friends of the Earth complains that the agreement does not go far enough and wants an 85 per cent cut in consumption and production of CFCs as soon as

possible.
This is a good example of now the campaigning ginger groups, which have proliferated over recent years, are keeping up the pressure on governments to make progress in these matters. There has also been action

on reducing noxious vehicle exhaust fumes, although here again action has not been fast enough for the conservationists. Control of small car emissions has been an area of difficulty, particularly with the main producers of these vehicles such as Britain, Spain,

France and Italy.

The EC also has a programme of action on the controversial question of acid rain which is believed to be caused mainly by sulphur dioxide and nitrogen oxide (Nox) in smoke emissions from coal-fired power stations.

Britain has come in for a large share of blame on this front over the damage to lakes and forests in Scandinavia and Germany. The UK Government retorts that it is already doing all that it can reasonably be expected to control this prob-lem and points out that the

Central Electricity Board has a £1bn programme over the next 10 years to reduce these emissions drastically. The vexed question of nuclear power continues to be

the subject of intense controversy in the wake of Chernobyl and the Three Mile Island inci-dent in the US. Ecologists argue that the reaction of the British Government to Cherno-byl has been one of cynicism. In the wake of Chernobyl, Mr Peter Walker, who was then Energy Secretary, maintained that the world would

suffer an energy famine unless

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nuclear power provided 15 per cent of total energy needs by 2030. Lord Marshall, chairman of the Central Electricity Gen-erating Board, says that with-out nuclear power Britain could suffer power cuts in future years. They have the formidable support of the Prime Minister. Mrs Thatcher's enthusiasm for nuclear power is well documented.

The counter-argument is that the advocates of nuclear power stations do not take sufficiently into account traditional sources of energy, new energy technology and alternative sources. Large savings could be achieved through greater emphasis on insulation and systems of combined heat and power which make use of waste heat. The environmentalists point to the large fall-off in the nuclearenergy programme in the US since the Three Mile Island

A pamphlet put out by the CEGB states: "We propose using more nuclear power stations because they cost less to run and give you more electricity for your money."

The Ecologist, journal of the Wadebridge Ecological Centre, dismisses this as "a myth" and argues that the CEGB figures take an over-optimistic view of the cost of building the new nuclear power stations and of other imponderables in a other imponderables in a nuclear programme.

The journal also points out that in France, where 50 per cent of electricity consumption is met by nuclear power, elec-tricity prices tripled between 1973 and 1982 compared with Britain and the Netherlands where they doubled during the same period.

Nor is control of marine pollution tight enough, particularly in areas like the North and Irish seas, according to organisations such as Greenpeace. The convention, to which Britain

other EC countries and the Scandinavian countries are signatories, controls pollution in the north-east Atlantic. This agreed to a 50 per cent reduction in the discharge of dangerous substances in the rivers with sea outlets by 1995 and to apply modern technology to cut pollution by radioactive discharges.

In addition, the declaration from the International Conference on Protection of the North Sea, held in London last year, agreed on the urgent need for drastic reductions in the flow of toxic substances into the North Sea.

Despite this, says Green-peace, the Irish Sea remains the most radio-actively contaminated sea in the world and pollution from the nuclear reprocessing plant at Sellafield, Cumbria, is still monitored off the coast of Scandinavia.

A group of organic com-pounds known as polychlori-nated biphenyls (PCBs) which are used in industry have been recently recognised as serious pollutants. These have been identified in the Baltic and could have played a part in the recent deaths of over 350 seals in the Baltic and North Seas by reducing the animals' ability to resist infection.

In view of these developments, Greenpeace has been pressing for tougher criteria for control of marine pollution. In particular, it is keeping an eye on the British Government to make sure that there is no backsliding from its undertaking to adopt the precautionary principle – that is, to provide early warning of pollution and to intervene before it takes

With the accumulation of all these problems, the public is becoming more environmentally aware. A Mori poll in the, UK sought to find the extent of public concern over these

Continued on Page 10



HE NEW NAME IN ENVIRONMENTAL SERVICES

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The drive towards cleaner motoring

# A two-speed Europe on exhaust fumes

already possible to speak of a ed Europe, The use and availability of unleaded fuel provides a mirror image of what progress individual countries have made towards imposing tighter standards on exhaust emissions. The link between con-trolling exhaust fumes and unleaded petrol is clear. Not only is lead itself highly toxic and a serious health hazard in large doses, leaded fuel also poisons and renders ineffective the autocatalysts used to

WHATEVER MOVEMENT there is towards a single mar-ket in West Europe, the vexed question of vehicle emissions is one of the issues where it is

reduce engine emissions.

The vehicle manufacturers were originally alarmed at the early proposals from the European Community and individual European countries for reducing noxious emissions, but the advance of engine tech-nology suggests that adequate solutions are available, albeit

at some extra cost. It is expected that the devel-opment of lean-burn engines will enable car makers to meet tougher standards for smaller engines, in the categories of below 1.4 litres and from 1.4 to 2 litres, while autocatalysts will probably be the chosen route for models above 2 litres. The availability of lead-free petrol currently varies enormously from country to country in West Europe, largely reflecting the severity of the stance taken by the national authorities towards the tighter control of vehicle emissions.

In the European Community that there are two distinct itself there are two distinct

camps. In West Germany, the Netherlands, Belgium and Den-mark unleaded petrol is widely

mark unleaded petrol is widely available. By early 1988 some 98 per cent of service stations in West Germany, the biggest single car market in Europe, were offering lead-free petrol. Availability in the Netherlands has virtually reached 100 per cent, while the level was 83 per cent in Belgium and 59 per cent in Denmark.

In the other major volume markets, the UK, France, Italy and Spain, little progress has yet been made in making unleaded petrol available, and there is still widespread confusion about which models can use lead-free fuel without risk of engine damage. By early 1988 only 3.5 per cent of UK service stations were offering lead-free petrol, while the figure was a mere I per cent in France, 2 per cent in Italy and

1 per cent in Spain.

The picture in these countries is changing, however, as car makers begin to use the availability of "clean" cars as a sales weapon in the increasingly competitive European car mather where demand is our market, where demand is cur-rently at a record level in sev-eral countries.

Vauxhall, the UK subsidiary of General Motors, claims for example, that it is unique among the leading British car makers in that all its cars built since August 1985 can run con-tinuously on unleaded fuel without harm. The cars need only an adjustment to the igni-tion timing to enable them to use unleaded fuel, and Vaux-hall offers to carry out this minor work free of charge up to the end of the year.

After such ignition adjustment the cars can still run on leaded fuel as well, an important proviso given the limited availability of unleaded fuel. Making a virtue of having to meet tougher demands in its domestic market, Volkswagen of West Germany claims that it is now the first car maker to offer in the British market a

choice between standard and low emission models. From engined vehicles are designed september British customers to accept cheaper unleaded the choice of buying low exhaust emission Golf, Jetta or Passat models equipped with catalytic converters.

VW claims that large penal-ties in performance and econ-omy do not have to be the price of what it describes in

converter equipped Celica GT-Four, the first car with an autocatalyst on sale in the UK, winch has to use unleaded fuel. Overall, there has been a large increase in the number of

All Yauxhall cars built since August 1985 can run on unleaded fuel without harm

rather exaggerated terms as "clean air motoring". Both the Golf CL and Jetta TX low emission models are claimed to be only 2 mph slower than their standard counterparts and also match them closely on fael consumption. Models equipped with the catalytic converters are expected to be around 5 per converters.

Other manufacturers in Europe are following suit. Nearly all Fixt new cars and light commercial vehicles produced since May 1 can run on unleaded fuel, while Toyota of cars built in West Europe that were fitted with catalytic converters. Most emission control systems now in use centre on platinum-rhodium three-way

engined vehicles are designed to accept cheaper unleaded fuel without modification. The

only exception is the catalytic

platinum-rhodium three-way catalysis.

Signal of US-83 equivalent emission standards are now inforce in Austria and Switzer land where all new cars have catalytic converters, the majority incorporating three-way catalysts. The same will apply in Sweden and Norway from October this year. More than half the cars registered for sale in Sweden now employ cata-

According to a recent report by the platinum marketing div-sion of Johnson Matthey, the UK precious metals and materials technology group, the pro-portion of newly-registered cars that are catalyst-equipped cars that are catalyst-equipped has risen due to pre-legislation tax incentives for buyers of "clean" cars, particularly in the Netherlands and Germany.

"There is a strong tendency for the leading West German automakers to make catalyst-equipped cars their standard models, so that cars without catalysis need to be specially

chalysts need to be specially ordered. More than half of new-ly-registered cars in Germany are now fitted with catalysts." are now fitted with catalysts."
Johnson Matthey estimates
that consumption of platinum
by West European automakers
grew by 85 per cent last year
compared with 1966 to 225,000
ounces, and it foresees continued speady growth of demand
this year. Overall subocatalysts
accounted last year for 35 per
cent of total platinum demand
in the western world.

in the western world.

The trend has been greatly encouraged by the increasing availability of lead-free petrol.

in several countries. Although unleaded fuel can still only be unleaded fuel can still puly be bought at a small percentage if petrol stations in the UK, the European Community deadline remains requiring that all new models can use lead-free petrol by October 1989. By the same date member countries should ensure "the availability and balanced" distribution "of balanced distribution of unleaded petrol* throughout their territories.

their territories.

Despite the confusion of the emissions debate in Europe, the European Community has finally adopted emission standards for all sizes of cars, with the final piece of the ligstweething into place at the end of falling into place at the end of June with a surprising agreement among EC environment ministers to accept a set of standards for small cars up to 1.4 litres. Standards for large and medium sized cars were agreed in December with the adoption of the so-called Lux-embourg Agreement.

The emission standards will be implemented upluntarily by individual member states, however, with West Germany and Benelux expected to be the first Community members to

legislate on the basis of the new EC Directive. France, Raly and the UK are committed to follow suit, but are expected to imposed more slowly.

Johnson Maithey says that the standards have been set so the standards have been set so

the standards have been set so as to provide for the possibility of compliance by means of lean burn engines or catalytic converters or both in combination. The scale of the challenge still facing the car makers in improving engine design is illustrated by its claim that host 1.4.2.6 litre cars with lean burn engines could not

lean burn engines could not meet the Community standards without at least an ordeation catalyst to deal with hydrogarbon emissions."

At the same time the present At the same time the present Community test cycle is considered unrealistic in that it provides for an average speed of 12 mph and a maximum of at mph. Discussions are going on to formulate an extension to this cycle that would reproduce real rather than merely urban driving conditions with a decision expected later this year. According to Johnson Matthey, "it is possible that the introduction of a high-speed element will make it more difficult, perhaps impossible, for some engines to comply with the small and medium car standards without a complementary catalyst."

Kevin Done

FIRST, the good news: sales of unleaded petrol in the UK have risen sharply in recent months. After the government lowered the tax on unleaded petrol relative to four-star in April introducing roughly a 6p differential at the pump some service stations selling unleaded reported three and four and five-fold increases in

The bad news? Sales of this "fuel of the future" still do not amount to very much. Sales of unleaded petrol were so low before the budget that this latest rapid increase brings the total only to about 1 per cent of total petrol sales.
The British oil industry has

been broadly disappointed with this public response to the government's policy of increasing unleaded increasing unleaded consumption, although there is disagreement among britain's major petrol retailers about precisely how "slow" the public response has been, and the reasons for it.

The British move to boost sales of unleaded petrol stems from two causes: European Community policies to have unleaded generally available throughout the Community within a few years, and

# **UNLEADED PETROL**

# Still a slow mover on the British forecourt

pressure from local environmental lobbies aiming to reduce poisonous lead in the pressure

to reduce poisonous lead in the environment.

Lead improves gasoline performance by reducing engine knock and allowing for higher compression ratios, thus improving power and efficiency. Unleaded fuel can yield the same performance,

A financial incentive but only by a further, and more expensive retining process.

The scientific link between health problems in children and lead in the atmosphere, as opposed to its presence in products such as paint, has never been clearly established. None the less, the oil companies have long accepted

the inevitability of the transition to unleaded and in Britain have invested more than £400m in the past five than £400m in the past five years to ungrade refinerles to produce high-quality low-lead, and unleaded fine!

Indeed, the amount of lead entering the atmosphere from petrol consumption has fallen by about 75 per cent in the past decade.

decade.

The British effort to increase unleaded consumption is to some erient modelled on the German experience. The German untake of unleaded was negligible in 1985 when a 7p per gallon tax differential was introduced compared to premium leaded. It was not until a 122p differential came in 1987 that consumption rose suddenly, to 11 per cent, and has continued rising ever

The German tax differential is now set to decline to zero by 1980, yet projections are that unleaded consumption will account for over 50 per cent of account for over 50 per cent of consumption at that time.

In Germany, however, environmental awareness is generally far higher than in Britain, and there is to some extent a captive market because of the increasingly widespread has of catalytic converters to clean exhaust gases. Catalytic converters are ruined by using leaded fuel.

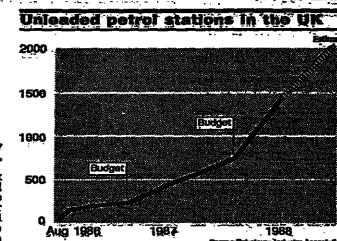
Britain introduced its first tax differential, of 5p, in 1987, tax differential, of 5p, in 1987, which lead to a sharp increase in the forecourt conversion programme. In the year after the budget, the number of stations offering unleaded had nearly quadrupled, but as the

price of unleaded was roughly equal to premium leaded fuel, say were negligible.

Now, with an 10.5p tax differential there is a real financial incentive to use the new fuel. Uptake, at the I per cent level, has disappointed some in the oil industry who expected the public response to a possible money-saving product would be greater.

In fact, the "slowness" of the response is a complex issue and it is probably too early to know if the government's tax differential is adequate, despite the view of some, including Rsso, that a bigger initial differential is needed to get sales rolling.

sales rolling.
For one thing, although
Shell, Esso, and BP, Britain's
biggest petrol retailers, all
report sales in the region of 1



per cent of total petrol throughput, average sales in stations that have unleaded on offer range from 4 to 6 per

throughout, average sales in stations throughout, average sales in stations that have unlesded on offer range from 4 to 6 per cent.

With only about one in stations of the major retailers, and far fewer in smaller dealers, selling unleaded, for most of the public the product does not yet appear to be widely available. This, of course, is changing rapidly and

minor engine returning first ining engine returning that and many motorists still do not know whether their cars can use the moduct.

Additionally, the PIA says

a complementary catalyst."

there is a widespread misconception that a car retuned to use unleaded can no longer use leaded fuel, which is not true. It is only use of a estalytic converter that creates difficulties for using unleaded. Cars retuned for unleaded can continue to use leaded fuel with an inalguidcant effect on

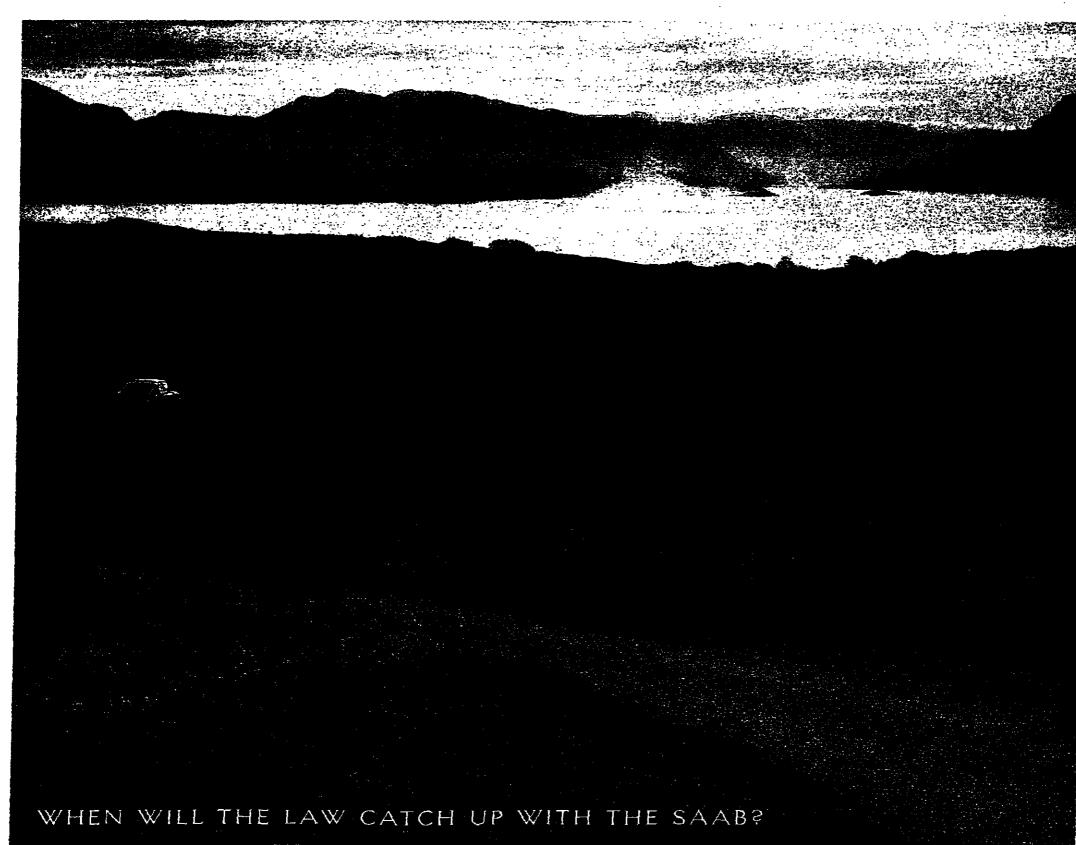
reformance.

The result of these misconceptions, says the PIA, is that the public is throwing away about 2ms a week by failing in use cheaper fuel. The PIA would like to see a mete vigorous government effort to educate the public.

The slow public response is

The slow public response is, of course, an expansive disappointment for the oil companies, because of the huge infrastructure they have created for the delivery of unleaded fiel. Yet which unleaded by which unleaded by which unleaded to speed by which unleaded catches on may displease the industry, it is clear the trend was fixedly set by this years

Steven Butter





LEAD FREE PETROL

In the not too distant future, lead-free petrol_ will be law for all cars in the UK.

Meanwhile, however, garages both at home and abroad are slow to catch up with the trend. Fortunately, if you drive a Saab, you're already prepared.

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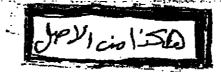
So, you can still enjoy the power, whatever the powers that be decide.

If all cars were this mindful of the laws of nature, perhaps new laws would be unnecessary.

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#### **FARM POLLUTION**

# **Erosion threatens Europe's** agricultural land

OVER THE past few years, the world has grown accustomed to butter and wheat mountains or wine lakes - those huge surpluses which are the creation of the rich world's subsidised farming. But manure

It is one of the many ironies of the success of modern farming, in the European Community and the US in particular, that along with increased farm production has gone increased

chiefly those of soil erosion and the "desertification" of once-farmed land. Four specific problems are

intensive farming: deterioration of habitats and the extinction of wildlife spe-cies as a result of pollution and the draining of natural wet-

Holland and Denmark have introduced tough anti-pollution legislation, but controls in Britain are less stringent

pollution. Chemical fertilisers pointion. Chemical partitisers like nitrates are leached from the soil to pollute rivers and streams; the "slurry" effluent from pigs and cattle, or the liquor from grass silage made for cattle feed have the same

Pesticides threaten both wild flora and fauna and sometimes humans too. Additionally, there are the more subtle depredations of modern farming methods on traditional landscapes as hedges or peat bogs disappear under the plough or succumb to serried ranks of marching conifers.

The extent and potential dangers of agricultural pollu-tion, as well as the degree to which farmers themselves should be held responsible, are hotly disputed between farmers' organisations, conserva-

tionists and governments.
Within the EC, with a common policy so far only on the horizon, the degree to which farm pollution is controlled tends to mirror the strength of local environmental or conser-vationist lobbies. Holland and Denmark have recently introduced quite tough anti-pollution legislation; controls in Britain are less stringent.

In an important submission to the EC Council of Ministers last month, the European Commission defined the problem as seen from Brussels. The Commission paper - published so far only in summary - insists on the necessity of a flexible approach, if only because while farm pollution problems in the north of the Community stem principally from intensive agriculture, those in the south are

identified as resulting from

■ the misuse and/or overuse of

chemicals and animal manures which lead to eutrophication (over-enriched soils which kill animal life), nitrate and pesti-cide pollution. "In many regions of the EC, nitrates in drinking water exceed the Commission's guideline of 25mg/litre and sometimes the maximum limit of 50mg," the paper notes;

and landscape changes, such as unsuitable afforestation, removal of hedges, and wetland drainage, which destory flora and fauna; ammonia evaporation into

the atmosphere from intensive livestock production as a serious source of air pollution. In addition, the Commission estimates that at least 25m hectares of land in the EC an area eight times the farmed area of the Netherlands - is threatened by erosion and by major changes to soil structure brought about by pollution. Losses of topsoil in certain areas of the Mediterranean can amount to three tonnes a hect-

are, the paper claims. There have been a number of studies undertaken in Britain recently which mirror the Commission's findings.

In May 1987, for example, the all-party House of Commons Select Committee on the Environment published a critical report on Pollution of Rivers and Estuaries*. This identified the "most pressing" problems as environmental pollution from slurry and silage and from nitrate leaching.

"Slurry can be can be 100 times and silage 200 times as polluting as untreated domes-tic sewage," the report noted, adding that, while there were 1,500 incidents of farm pollution reported in Britain in 1979, this had risen to over 3,500 by 1985. Four-fifths of these were

slurry and silage pollution.
"Widespread alarm was expressed to us on this topic. For the most part, farm wastes pollute high quality rivers which were previously clean. This has been a key factor in the net downturn in river qual-

ity in the past five years."
The report pointed to another "major concern" -that of the likelihood of increased conifer woodland as changes to the common agricultural policy brought about more afforestation on marginal land. "If this expansion takes place in certain upland areas, it will exacerbate acidification of rivers and damage water quality in other ways as well as reducing yields to reservoirs and rivers."

In its conclusions, the Environment Committee urged the British Ministry of Agriculture "take a far more interventionist and regulatory approach to farm pollution" an attitude endorsed a few ks ago by the British Water The delay is at least partly due to difference between the Ministry of Agriculture, which favours a relatively lenient approach and the Department of the Environment, which would like tougher controls.

If in Britain control of farm

pollution remains highly controversial, the EC Commission in Brussels is already suggesting the way altead. It proposes action in four main areas: ☐ the extension of the system "environmental impact assessment" to large-scale agri-cultural, afforestation or trans-

port projects;

a revision of 1976 legislation on permissible pesticides and possible new controls to limit the availability of others; controls on the amount animal waste and chemical fer tiliser which can be deposited on soils, limiting them to what can be absorbed without leach-

encouragement of organic farming as an alternative to heavy use of chemical aids to farming.
The Commission's report

"The general policy objective must be to reduce the use of chemicals in agriculture, not only because of the hazards to humans, flora and fauna, but also because of unknown

The Ministry of Agriculture favours a relatively lenient approach, but the Environment Department would like tougher controls

Authorities Association. The WAA reported a 76 per cent increase in prosecutions of farmers causing pollution in 1987, declaring that the worse pollution was caused by farmers who did not have adequate storage for silage.

Silage and slurry are already recognised as major problem-sin Holland and Denmark. The Danes have recently brought in legislation which requires each livestock farmer to have a tank sufficient to hold nine months supply of slurry. Last week, in response to the

committee's report the British government announced a £700m programme to reduce pollution of rivers and estuaries over the next four years.

long-term and synergetic effects of the release of these substances into the environ-

As for the farmer, he "should become aware that his role is not limited to agricultural pro-duction in itself, but should also extend to the maintenance of the rural environment," And society as a whole "has to accept the fact that the farmer, as manager of the environment, is rendering a public ser vice which merits an adequate remuneration.'

*Pollution of Rivers and Estu-aries. Session 1986-87. 3rd Report from Environment Com-

**Bridget Bloom** 



Part of the proposed Blue Water Park development on the site of Blue Circle's quarry at Stone, Kent, which will create UK's largest leisure, shopping and recreational complexes

#### Interview with Sir David Attenborough

# Our heritage of wildlife

ENVIRONMENTALISTS come in many guises.

In West Germany and Japan they stage pitched battles with riot police to prevent the building of nuclear power stations and airports.

In the US they picket the World Bank to protest about development aid that encourages the burning of tropical rain forests or the flooding of peasant smallholdings by hydroelectric dams.

On the high seas Greenpeace ships roam like latter-day pirates, engaging navies in skirmishes which they are bound to lose but which will generate worldwide headlines. In Britain, however, environmentalists tend to be a gentler breed. We call them nature-lovers. The cause is supported by the Great and the Good: the Royal Family, the sporting cross-benchers in the House of Lords, all the way down to

military men. Love of nature is part of the Englishman's character, or so he likes to think Few would dare, like William Hazlitt, to say: "There is nothing good to be had in the country, or if there is, they will not let you have it."

country parsons and retired

The countryside is chic. No wonder Mr Nicholas Ridley, the Environment Secretary, is being hunted like the fox for his attempts to get more virgini land released to developers in

The British way of defending the countryside is epitomised by a body called the Royal Society for Nature Conservation, a federation of 47 indepen-dent-minded local trusts. It has Prince Charles as its patron and a fund-raising council which includes as many titled names as a page of Debrett's. Half way through a five-year,

£10m appeal, the society has already raised the equivalent of £7.5m in cash and land to add to the 120,000 acres already managed by its member trusts.

Its purpose is to protect the diminishing stock of heath, moorland, woodland, marsh, meadow and down where the rarer plants, insect, birds and animals live. Green lobbies

love grim statistics: 125,000 miles of British hedgerows uprooted, 95 per cent of hay meadows lost, 80 per cent of chalk downlands, 50 per cent of chalk downlands, 50 per cent of members of the per cent of members of the per cent of members. marshes, 40 per cent of natural woodland.

Among recent acquisitions funded by the appeal are Kingcombe Meadows near Dorchester, 328 acres of farmland where pesticides have never been used. The money for this purchase, was given by Mr J Paul Getty Jnr. Other pur chases include a quarry of ancient rocks in Staffordshire, a piece of oak forest at Bray-don in Wiltshire and 85 acres of heath at Sopley Common in Dorset, home of the sand lizard and smooth snake. Wild orchids and the giant Bell-flower have been taken into care at Rose End meadows in Derbyshire.

Big business has become volved, for philanthropic or public relations reasons. The Central Electricity Generating Board is helping to look after the Little Tern and the Adonis blue butterfly. British Rail has donated 200 of its acres. Shell UK has given £52,000. Barclaycard has put in 180 acres of wetlands in the Nens Valley, Northants, and the John Lewis Partnership has funded a

waterfront project on the River Ouse in Cambridgeshire. Kellogg's has lent its corn-flakes packets, Rudolf Nureyev has danced, Coalport has comissioned plates and David Shepherd, the wildlife artist,

has given one of his paintings. The chairman of the appeal is Sir David Attenborough, the TV producer and naturalist. He says the strength of the trusts is that they are run by volunteers working in their own areas with a perspective denied to semi-statutory bodies like the Nature Conservancy Council and the Countryside Com-

"Unless you get the perspec-tive right, local people lose out," he argues. "It's no conso-lation to people in Surrey to lose something just because there's lots of it in Scotland. "What we are fighting for is our heritage of wildlife and wild places, a source of delight,

Sir David Attenborough

joy, pleasure and interest. Compare the pleasure of hearing a thrush singing in the evening with spending 13m on a Van Gogh canvas or going to the opera. I know which most people would choose."

Contrary to the popular image of them, many farmers and landowners are conserva-tion-minded, he says. But they have been driven by govern-ment and European Community policy to destroy natural habitats: ponds have been fil-led in, hedgerows uprooted and marginal land brought into production "to produce stuff that goes on the grain moun-

Buying desirable habitats is only the first step. Even if landowners co-operate by letting or selling their superfluous acres on the cheap, the land will revert to scrub unless it is managed. There are decades of chemical farming to be undone. The wildlife appeal is therefore directing as much money towards land manage-ment as towards acquisition. and a fifth of the income is going on educating townees and schoolchildren.

Bending parliamentary ears is an important part of the pro-For example, an attempt was made to insert language into

to science - with potential'

the Education Reform Bill that would attach study of the envi-ronment to the national curriculum. Although the attempt failed, the society says it was assured by the Department of Education and Science that such "cross-curricular" school-work would in practice be encouraged.

Mr Simon Perry, the society's head of education, says: "We are afraid that there will be a certain amount of backpedalling. If a subject is not part of the attainment targets and is not tested, it may not be taught." But he says that the present level of environmental education is good, especially in primary schools where children study wildlife as an intro-duction to the natural sciences.

Conservation societies are also getting involved in the legislation for privatising the water industry, to ensure that they retain the right to be heard that they presently enjoy. They suggested a sheaf of amendments to the Wildlife and Countryside Act of 1981, returning to the fray subse-quently on behalf of badgers. Unlike the otter or dormouse, the badger is still not fully pro-

Last year they tried to secure an amendment to planning legislation for the Norfolk and Suffolk Broads that would give wildlife greater security.

The society's appeal was launched at a time when EC subsidies had driven land prices up. But it was also becoming clear that agriculture policy was shifting under the weight of the EC's budgetary problem. The results of that shift can now be seen, and farmers are being offered money to take land out of production again.

Meanwhile, the Chancellor's last Budget has stopped some of the tax loopholes that encouraged millionaires to plant conifers in beauty spots.

Christian Tyler Str David Attenborough is chairman of the British Wildlife Appeal, 164 Vauxhall Bridge Road, SWIV 2RB (tel: 01-828

# **WORLD WIDE FUND**

# Saving the tropical forests

THE CONSERVATION of animals and birds to pollinate tropical forests is now World Wide Fund's top priority. Home to almost half of the world's known species, they balanced, inter-linking eco-sysworld's known species, they are being destroyed at an alarming rate, says WWF, which claims to be the world's largest voluntary organisation devoted to conservation.

About half the world's tropi-

cal forests have gone this century, and at present rates of destruction there will be no undamaged tropical forests left within the lifetime of children born today, WWF warns. Much of the damage is

caused by land-hungry people moving into the forest and exhausting the soil. Commercial logging and cattle-ranching also cause destruction.

WWF is actively working in many of the world's threatened forests - in Africa, the Far

East, Central America and elsewhere - to curb the tide. Korup in Cameroon is a different kind of conservation project and one of the most ambitious that WWF has undertaken. Luckily for Korup, it lacks the conventional economic wealth sought by man. There are no mineral reserves. The terrain is too rugged for agricultural use and the soil is very poor. Rainfall is nearly 18 ft a year. Though Korup's tim-ber is commercially valuable, it is not easy to extract.

However, its forest leopards, elephants, elegant drills and many other forms of animal and bird life are threatened by hunters who, armed with modern weapons, move in to supply the large markets of Nigeria and Cameroon.

But Korup depends on its

tem is to survive.

WWF has appointed a team.

led by a senior socio-economis to investigate the problem and make recommendations to the Cameroon government.

The conservation plan is receiving financial support from the British and German government and from seven scientific and conservation organisations.

A key part of the plan is the creation of an agricultural buffer zone" round the Korup National Park. Here, on more fertile land, there will be projects in sustainable hunting, agriculture, forestry and fish farming.

WWF has a small full-time

staff in Cameroon but in addition commissions world experts in forest agriculture, plant medicine and other specialist topics to study conditions in Korup and look for

One of the first discoveries is that the introduction of a virus resistant cassava, the staple diet of the forest people, will greatly increase yields. And crop rotation, not at present practised, will help reduce plant infections in village plots and home gardens.

Some forest giants such as the wild mango tree and other reduced in height and their fruiting cycle speeded up to make them more acceptable to the local farmers.

Early in the 20th century German colonial administra-

tors planted trees known to yield quinine in Cameroon. Today WWF experts have These "medicines from the helped to identify more than 90 naturally produced chemical substances in Korup — 38 new

uses in industry or medicine.

forest" may help to reduce Cameroon's dependence on costly imported pharmaceuticals, according to WWF.

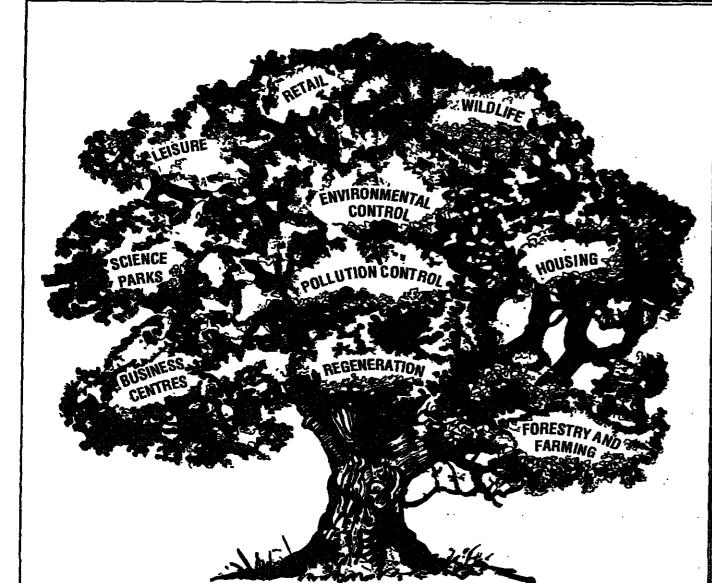
1





From Cramlington, Northumberland. AAF leads the world in environmental air quality control

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# Blue Circle is Branching Out!

What's the largest cement company in the UK got to do with environmental care? Surely it is more concerned with concrete jungles than verdant

But that's where you would be wrong! Ever since Blue Circle began digging holes in the ground, they have been thinking of imaginative and environmentally amicable ways of filling them

Like Blue Water Park in Kent where they are creating new forests and pastureland, and the largest leisure and retail complex in the UK. within the quarry left after nearly 90 years of

chalk excavation. Or Grays, in Essex, where another redundant quarry is being turned into a new town that provides much - needed amenities for the local population and 'green corridors' for the local badgers. The company even diverted an access

road to avoid a colony of rare spiders. On the anti-pollution front, Blue Circle has developed a process control system, called
LINKman, that halves even the relatively small
amounts of scidic gases produced in the kilns. It
makes the cement-making process more efficient tool

Eliminating environmentally harmful waste at the same time as generating profits isn't just a load of rubbish for Blue Circle. The Westbury Works in Wiltshire has invented a process that uses domestic refuse as a supplementary fuel in cement kilns thereby reducing the coal bill by as much as 20%.

The list goes on. Wherever Blue Circle's activities impinge on the environment, they go to great lengths to lessen or reverse the impact. Many of their regeneration projects have the co-operation of local conservation groups and the blessings of local councils. So if you thought Blue Circle was only in the cement business, you'd be barking up the wrong tree.

Blue Circle Industries PLC Portland House, Stag Place, London SW1R 5BJ.

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# TOYOTA WOULD LIKE TO CLEAR THE AIR ONCE AND FOR ALL.

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THESE EFFECTS ARE MOST OBVIOUS IN CHILDREN.

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ALL TOYOTA CARS ARE DESIGNED TO PERFORM IMPECCABLY ON UNLEADED PETROL.

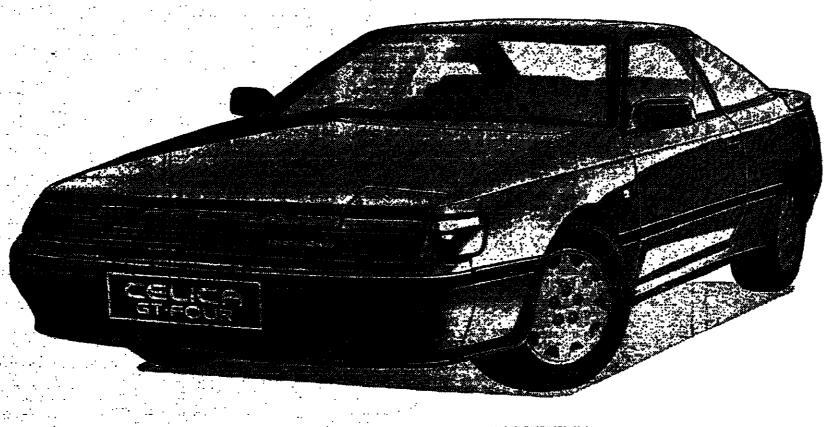
WITH, WHAT IS MORE, NO EXTRA COST OR CONVERSION. (A RESULT OF OUR DEVOTION TO MULTI-VALVE TECHNOLOGY).

TO MULTI-VALVE TECHNOLOGY).

INDEED, SUCH IS OUR DEDICATION TO THE CAUSE OF CLEANER AIR, THAT ONE OF OUR LATEST MODELS, THE CELICA GT-FOUR, RUNS EXCLUSIVELY ON LEAD-FREE FUEL.

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BUT AREN'T OUR CHILDREN WORTH
GOING OUT OF THE WAY FOR?





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THE WASTE disposal industry is currently undergoing intense scrutiny as a result of growing public concern over hazardous waste. In recent months the increased importation of such waste into the UK

has received wide publicity. The regulations governing disposal of dangerous or special wastes (that is, wastes that are difficult to dispose of) cover 31 substances that are corrosive, flammable or toxic. The description embraces acids, alkalis, asbestos, some metals and even surplus medicines that have to be dumped.

The all-party Commons Select Committee on the Environment is currently carrying out an investigation into toxic waste. The Department of the party looking at waste disposal and whether the present licen-

sing system for waste sites needs revising. The Royal Commission on Environmental Pollution - the standing body that keeps an eye on these matters - recently demanded that the Government should produce early proposals for effective safeguards on the growing importation of waste.

In fact, to its credit, the Government did recently announce broad proposals to tighten up considerably on waste disposal even though the new measures went almost unreported in the national media.

A statutory duty of care will be imposed on both producers and holders of waste. Carriers of waste will have to register with a waste disposal authority. and registration will be refused to those with relevant convictions. The waste disposal authorities will be able to refuse, revoke or suspend licences to unfit persons.

At the same time, the waste disposal industry, aware of the level of concern, is reacting by improving its own practices and updating its technology.

The annual report of the Government's Hazardous Waste Inspectorate for 1986-87, published a few weeks ago, declares: "During the year it has been encouraging to note significant improvements in waste management in some

The standard of operation had improved on the sites of some waste disposal authori-ties and of the large waste dis-posal companies where greater consistency had been apparent.

However, the report drew attention to the steep rise in the imports of hazardous waste and to the difficulty of getting

very day, more and more people become concerned with the way the world is turning.

and legislative pressure and cleaning up their act.

commitment to the world around them.

resources both wisely and responsibly.

them may go down as well as up.

ENVIRONMENTAL

environment is clearly there.

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The demand for a unit trust that's concerned with the

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the effects of pollution. And companies that use natural

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A LEADER IN

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Malcolm Lee, Managing Director,

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Companies concerned with waste management and about

Above all, the companies we invest in have to be

John Hunt on Britain's waste disposal industry

# A hazardous trade

full information to keep track

In the year covered by its previous report, 1985-86, it says that 25,000 fonnes of hazardous waste were imported into the UK for disposal, primarily by incineration or chemical treat-ment. But in 1986-87, 53,000 tones of hazardous waste had come into Britain and in addition 130,000 tonnes of other waste had been imported and disposed of in landfill sites. But other bodies put a

higher figure on imports of hazardous waste. The Institution of Water and Environmen-tal Management, which repre-sents professionals in the private and public sectors, believes 100,000 tonnes were

brought in during 1986.

According to the inspectorate the largest exporter of hazardous waste to Britain is Holland (55 per cent) with Ireland and Belgium next (12.5 per cent each). Smaller quantities come in from Portugal, Canada and the US (2.5 per cent each) and the remainder from West Ger-

**ECOLOGY FUND** 

many, Denmark, Norway, Sweden, Spain, Italy, Australia, Singapore, Hong Kong and

The volume is expected to continue increasing this year and next. The British Government takes the view that such a lucrative import trade is permissible, provided the safety

consignment note procedure the Waste Disposal Authority at the port of entry may not be aware of the waste until it has

More and more British ports of by incineration or chemical are handling the trade. In 1985-86 there were nine but by the following year this had risen to 31. The Inspectorate

The largest exporter to the UK is Holland

regulations are complied with. The waste is attracted to Britain by the lower costs of disposal which can be five times less than in France or West Germany or three times less than in Belgium.

The Inspectorate is con-cerned that under the present

highlights the growing number of companies entering the import trade with no previous experience of waste disposal. It is also worried at the prolifera-tion of brokers which makes it difficult to trace the origin of

some waste.
The Inspectorate was dis-

turbed to find that that 83 per cent of the hazardous waste in England and Wales was still going into landfill sites and only 9.5 per cent was disposed

treatment. Meanwhile, the National Association of Waste Disposal Contractors is drafting guidelines for its members on improved practice at sites. Some of its members would like to see a national regula-tory authority controlling disposal rather than the present system of waste disposal authorities, which is based on county councils.

The Institute of Wastes Management, which represents pro-fessionals in the public and private sector, complained to the Commons Environment Committee of the inadequacy and piecemeal nature of existing legislation controlling waste

disposal.
"It is self-evident that we need strong central guidance, and national standards and codes of practice," it told the

The institute also said that that an increasing quantity of contaminated waste brought contaminated waste brought into the country was going into landfill sites. It believed that it should only be brought in if it is destined for a treatment plant that is properly licensed under government regulations.

Another body, the Institution of Water and Environmental Management, told the comtal Management, told the committee that it sees no reason to stop the import and export of hazardous waste. However, imports should be stringently regulated to ensure that den-gerous waste is correctly trans-

ported, treated and disposed of and not diverted to landfill. The Chemical Industries Association also points out that there are shortcomings in the implementation of the Con-

water authorities, there is no evidence of harm to fish or plant life, but organisations

like Greenpeace believe it would be safer to spread the sludge on farmland. The

authorities argue that this is

already being done as much as

It was agreed that dumping should end "at the earliest practical date" and the indica-

tions are that when the next

North Sea conference is held in

trol of Pollution Act which leave scope for the disposal of waste by environmentally unsatisfactory means.

There is also growing international anxiety over the increasing dumping of based one waste from the industrialised nations to developing ous waste from the industria-lised nations to developing countries such as Guinea, Benin, Congo and Nigeria. The United Nations Environmental Programme is now in the pro-cess of drawing up a global convention to control trans-towards on november of this boundary movements of this

Greenpeace, the conserva-tionist organisation, has called for a global ban on such inter-national movements. In the meantime it wants the burden of proof to be placed on the exporter to demonstrate that the waste will not leak into the environment at the disposal

Unless such requirements are clearly stipulated. Green-peace says that the convention will merely formalise the "dou-ble standards" employed in the present trade.

## **POLLUTION**

# A North Sea change

POSITIVE ACTION is being taken to protect and enhance the quality of the North Sea by the governments of the countries that surround it, in moves that show a fresh willingness to compromise between the UK and its European Community

The sea change, after years of wrangling and increasing isolation for Britain, came at a major conference in London last November called to co-ordinate action against North dinate action against North Sea pollution.

There had been divergent views on a number of issues, particularly the dumping of sludge and incineration of refuse at sea, but the confer-ence ended with a wide range of agreement on common policies to improve the environ-

A task force has been set up to implement the strategy, a special scientific co-ordinator appointed, and a "red list" pre-pared by the British government of about 30 substances whose input into the North Sea needs to be controlled more rigorously. The list is due to be completed and published before the parliamentary sum-mer recess and aims at reducing the scale of pollution by 50 per cent by 1995.

Progress, although never enough for the environmental

groups anxious to protect the North Sea habitat from any pollution, shows a growing awareness among the eight states bordering the North Sea of the dangers of using it in too lax a way for waste disposal. The eight are Belgium, Den-mark, West Germany, France, Netherlands, Norway, Sweden and the IIK and the UK.

In fact, considering the scale of industry around its shores

and its reputation as a giant rubbish dump, the North Sea is in remarkably good shape. Its fish harvest has always been large and doubled in less than a decade to 1968.

Germany dumps four times as much industrial waste in the North Sea as does Britain and twice as much as the second biggest culprit, Belgium.

However, the Germans,

The biggest-ever harvest of fish, nearly 3.5m tonnes, was in 1974. It has fallen since, but the cause is almost certainly over

-fishing rather than damage from pollutants. Much of the UK discharge into the North Sea comes from five major estuaries down the east coast: the Forth, Tyne, Tees, Humber and Thames, and much has been done in the

past 30 years to improve the quality of these estuary waters.

Among the key achievements have been the return of salmon to all five rivers, the transformation of the Thames into the cleanest metropolitan estuary in the world, and major reductions in the inputs of dangerous substances such as cadmium, mercury, oil, phenol and cyanide.

One great advantage for the UK has been an accident of geography. Currents take the relatively small amounts of liquid chemical waste - about 242,000 tonnes a year compared with West Germany's 1.3m conveniently south and then east, and most of it becomes ineffective through dilution. But effluent from West Ger

many, particularly from the Rhine, flows northwards into the shallow waters of the Wad-den Sea and it is here that the greatest problem lies. West

biggest culprit, Belgium. However, the Germans, partly because of political pressure from the Greens, are particularly keen on a clean up campaign and on accepting that its industry will inevitably suffer by shouldering the cost.

Progress in making industrial processes less polluting, and in improving sewage treatment, has sewage treatment, has produced other consequences, however. One has been the increased volume of sewage sludges and industrial waster for which alternative disposal routes have had to be found. In some cases sea disposal has been used as the cheapest method, and this has become a very contentious issue.

The UK government has regarded it as legitimate so long as it is very strictly con-trolled but, as part of the com-promise with EC partners, ministers now accept that the practice, together with incineration of waste at sea, will have

The interim deal, agreed at the November meeting, was that the disposal of sewage sludge can continue, but on no greater a scale than the 1987 level. What this means in practice is being negotiated -between the affected industries and the Ministry of Agriculture the Netherlands in early 1990, a total ban on dumping will be high on the agenda. The dumping of particularly harmful wastes is to stop by the end of next year and the dumping of garbage from ships will also be

Dumping has been the clear-est example of where Britain has been out of step with its EC partners. Every year 5m tonnes of sewage sludge is taken out of British ports and dumped in designated zones. None of the other countries dumps any sludge.

Marine incineration is to be reduced substantially, by not less than 65 per cent, by January 1991 and phased out entirely by 1995. The rules for licensing marine incineration in the UK are already very tightly drawn, and British industry makes relatively little use of this disposal option – less than 5 per cent of the

North Sea total.

The new unified approach requires legislation and therefore cannot be implemented

officially for at least two years, but in the meantime the gov-ernment is looking to industry, and the water authorities to provide action plans to reduce discharges of dangerous sub-stances in advance of legisla-tion

Privatisation of the water authorities in England and Wales, due to take place at the end of 1989, is not strictly relevant to the implementation relevant to the implementation of the strategy, as the government's policies will stand. The increased costs of preventing pollution will inevitably be a factor to be taken into account by

 $\sum_{i=1}^{n} \frac{1}{n} e^{i \frac{i}{n} \int_{\mathbb{R}^{n}} dx} dx$ 

4.3

prospective investors, however. The National Rivers Authority, which is to take over regulatory functions from the water authorities, will be responsible for implementing statutory quality objectives, and should find it easier than expected because of the convergence towards European Community

Basically, continental countries have argued that there should be pre-defined limits on various polluting chemicals which every producer would have to meet with the use of best practical technology. Britain, on the other hand, has preferred the view that what matters more is the quality of the water system as a whole taking into account the effect of pollutants reaching it.

The London conference brought these divergent views much more into line, with give and take on both sides. It was an outcome that can only be good for the future health of the North Sea.

**Richard Evans** 

# THE OZONE LAYER

According to research by

# Side-effects of wonder chemicals

IT WOULD make a marvellous science-fiction story. A group of wonder chemicals, deemed essential for many parts of modern life, is suddenly found to threaten the very people who had so valued them.

The trouble is - the story is

true. It concerns a family of substances known as chloro-fluorocarbons (CFCs), which are produced in large quantities for use as foaming or blow-

They are to be found in items as diverse as aerosols, packaging materials, insulat-ing fluids in refrigerators and cleaning agents in electronics.
When they were invented in

the US some 60 years ago, CFCs appeared a great advance. They have extremely suitable physical and chemical properties for the jobs for which they were designed.

Moreover, they are highly inert, non-toxic and relatively

World output of CFCs climbed gradually and now amounts to about Im tonnes, worth roughly £1bn a year. Leading suppliers include Du Pont and Allied Signal of the US, Akzo of Holland, France's Atochem and Imperial Chemi-cal Industries of Britain.

The downside to CFCs was first suspected during the 1970s and the evidence has hardened considerably in the past few

It has become clear that CFCs released into the air can damage the ozone layer, which is high in the atmosphere between 25km and 50km above the earth and acts as a shield, protecting people from certain frequencies of ultra-violet radiation from the sun that can cause skin cancer.

Ozone, a particular molecu-lar form of oxygen, is being produced and destroyed continnally in this part of the atmosphere as a result of a complex sequence of chemical reactions. But under normal conditions it has a roughly constant

concentration.
Scientists believe, however, that CFCs infiltrating into the upper atmosphere have upset the balance by decomposing to produce chlorine which destroys ozone. This thins the ozone layer, so letting more ultra-violet rays through to the

earth's surface. The most convincing sign of this phenomenon were measurements last year which indicated an ozone "hole" had formed, during the Southern Hemisphere's late winter and early spring, above the Antarc-

It seems, from relatively rudimentary readings by Canadian scientists, that a similar loss of ozone may be occurring above the Arctic during the winter in this part of the world.

There are plans to confirm the existence or otherwise of the Arctic "hole" in a series of more concise measurements next winter.

The extreme inertness of many forms of CFCs - which means they can last 100 years or more before breaking down into the constituent atoms, which include chlorine - is thought to be behind their effect on the ozone layer.

Due to the ozone layer.

Due to the molecules' longevity, it is only when they have risen into the higher regions of the atmosphere, where the ozone layer happens to be, that the chlorine is released, doing the damage. If the substances broke down lower in the sir martie around

lower in the air mantle around the planet, the chlorine would be dissipated in some other way, reacting with other mole-cules to form relatively innocuous substances, and no-one would have to worry about threats to life.

The reason for the "holes" in the layer in the polar regions is still poorly understood. It appears, however, that the chlorine from the CFCs may be locked up in a particular chemical form during the summer months above the poles and then released in winter as a result of the peculiar meteoro-logical conditions in the atmosphere above these parts of the

During the summer, scientists think rather less chlorine becomes available to act as an "ozone eater", as a result of which the ozone layer in these regions at least parily reforms.

The worrying thing for the world as a whole is that these below shows the roles almost holes above the poles almost certainly confirm a thinning of the layer everywhere. It may

appear in other regions.

These concerns were acted upon in a historic treaty agreed last year in Montreal at which 62 countries said they

only be a matter of time before more, similar gaps in the layer

would reduce CFC production in a series of steps by the end of the century. From next year production has to be frozen at 1986 levels, with a cut in output of 20 per cent by 1994. After this, there is to be a further reduction so that by 1999 production is only half the 1986 output of the chemicals.

The treaty - assuming it is ratified by sufficient nations is the first time that countries have joined in any significant way to do anything about air pollution.

But already some observers have questioned whether it is enough. The current agree-ment is likely to lead to global levels of chlorine in the upper atmosphere continuing to increase for the foreseeable future, partly due to continu-ing production and also because of the effect of the large volumes of long-lived CFCs released into the air over the past few decades.

The Montreal treaty applies

only to a group of five sub-stances. These are what are called fully-halogenated CFCs, which are the ones in greatest use and whose molecular struc-tures contain relatively large numbers of chlorine atoms and no hydrogen. The materials are designated

in chemical parlance: CFCs-11, -12, -113, -114 and -115. As a result of the agreement the search is on worldwide for

other chemicals that can do a similar job to the fully halogenated materials but do not have their damaging effects. Some of these materials fall into the camp of what are called partially halogenated CFCs; these have fewer chlo-rine atoms and more hydrogen atoms. Among their number are CFC-22, -128 and -124.

Du Pont, the world's biggest producer of CFCs, has already said it plans to cut out production of the fully halogenated substances altogether although, significantly, it has not said when Meanwhile, it is pressing on with the search for alternatives, as are many of the other leading CFC suppli-

Alternatives for some uses, such as aerosols, are relatively easy to find. In aerosols – where CFCs have been banned from use in the US since the late 1970s as a result of environmental pressures - it is not that difficult to use such as hydrocarbons.

It will be much more difficult to find replacements in ation of wonder materials will some of the other applications be most fully tested. for CFCs that are as cheap,

reliable and non-poisonous, it

Peter March



....to make a significant contribution in the EEC drive to reduce NO_X emissions from large-scale power plants by a third within the next decade.

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#### Aerosols destroyed

A COST-effective method of disposing of acrosol containers has been developed by Biffa ite Services, part of the BET group.

The company's aerosol destructor at Bray, near Maid-enhead, in Berkshire, destroys the aerosols under controlled

The destructor is Biffa's answer to the increasing con-cern being expressed by the public and local authorities about the way acrosol containers are deposited in landfill

There is an explosion risk when old or defective aerosols are first put in the ground and crushed by a compactor vehicle – and there is a furposition raises their tempera-ture.

At Biffa's aerosol destructor the cans are fed by conveyor belt into a shredder and the residual liquid is taken away for treatment. Only the shred-ded cans — a fraction of the volume of the original untreated containers

#### incinerator to cost £20m

built in the North-East of England by Ocean Environ-mental Management (OEML), part of Ocean Transport and

part of Ocean Transport and Trading. With a capacity of 30,000 tunnes a year, it will be used chiefly to dispose of organic chemical wastes.

Through its subsidiary, Cory Waste Management, OEML claims to operate the largest waste treatment plant in the South More than 50,000 tones of waste can be handled each of waste can be handled each year, and the polymer resulting from the treatment process: is landfilled at Cory's site at

Humfrey Smeeton, managing director of OEML, increased environmental pressure on industry will result in considerably greater demand for environmentally harmless methods for the treatment and disposal of hazardous waste, as opposed to direct landfill. We expect to commit further substantial resources to meet this increased demand."

mcreasen demand.

Through National Environmental Testing, its US subsidiary, OEML has a network of
regional laboratories offering environmental analytical and toxicological testing services. fucking in Essex.

There are plans to expand in However, according to Mr Europe "in the near future."

John Elkington on the pursuit of sustainability and the greening of consumerism

Industry, from being the villain of the piece, becomes a natural partner

"BHOPAL sent us back to the drawing board," says Budd Smith, appointed to the new post of vice-president for health, safety and environment at Union Carbide in the wake of the world's worst chemical

disaster. Although Union Carbide is. now convinced that sabotage was to blame, Mr Smith told a major conference in Washington, DC, last month that the company had radically overhauled its environ-

mental strategy.

The conference provided a rare opportunity to assess how far US and European Commu-nity companies have moved in pursuit of "environmental

Organised by the International Environmental Bureau, part of the International Cham-ber of Commerce, and the ber of Commerce, and the World Bank, the event also hailed the extraordinary role played by Mrs Gro Harlem Brundtland, Norway's Prime Minister, in the worldwide sustainable forms of economic development.

The scale of the challenge facing us was underscored last year by the report of the World Commission on Environment and Development, which Mrs Brundtland chaired. "Given population growth rates," the commission concluded, "a five to tenfold increase in manufacturing output will be needed consumption of manufactured goods to industrialised world levels by the time population growth rates level off next

Once viewed as the invariable villain of the piece, industry is increasingly seen as a potential part of the solution. But Mr Smith did not underestimate the difficulties of overhauling the environmental performance of a major company. "If you don't have the support of your chairman, or if senior management isn't on board," he warned, "I'd go and find another corporation to work

Environmental risks noted Mr Donald Hahn of Procter & Gamble, are business risks. If you use chemicals like polychlorinated biphenyls (PCBs), which have an image almost as bad as DDT, "you

could jeopardise your ability to problems because they know supply entire markets." As a an audit is coming, that is OK supply entire markets." As a result, Procter & Gamble has been moving away from PCBs much faster than the law demands.

Hazardous wastes were top of the agenda. "The best way to manage waste," stressed Mr Don McCollister of Dow Chemi-cal, "is to avoid producing it." Once considered Public Enemy Number One by environmentalists, Dow is now justifiably proud of its "Weste Reduction Pays" (Wrap)

programme.
The commercial benefits of such programmes can be sub-stantial. The Pollution Preven-

But the auditors are careful not to let plant managers dic-tate what they see. "We always ask to see the backside of the

plant," he explained. Mr William Ruckelshaus, twice administrator of the US Environmental Protection Agency and a member of the World Commission on Environment and Development, stressed that "the pursuit of sustainability is not about doing good. It's about creating

"It is simply not possible for three quarters of the world's

The expertise of the leading multinational

corporations is now seen as a critical asset

tion Pays (or 3P) programme operated by 3M has already saved the company an estimated \$420m.

There was no shortage of confessions at the conference, however. "We've made mistakes," admitted Mr Victor Sussman of Ford. "We try to

learn from these things."

The company recently sold a vehicle assembly site in New Jersey, but later found that the soil and groundwater were extensively contaminated. Ford has since spent over \$10m on clean-up operations and Mr Sussman predicts it could end up paying more than the \$20m it got for the site. Perhaps not surprisingly, the

Americans pioneered what is called "environmental audit-ing." Allied-Signal began its auditing programme in 1976. "There's no punishment for having problems," explains Mr Jonathan Plant, the company's environment director. "There's punishment when problems fail to surface. Let's get the problem up in front of us so we can work on it.

Now European companies are catching up fast. "The auditor's role is not that of an environmental policeman," cautioned Mr Gotfried Eigenmann, who heads Ciba-Geigy's environmental auditing unit in Switzerland. "This isn't a hold-up, nor a head-hunting affair. We let the plants know when we will be

population to repeat the mis-takes we have made."

The expertise of the leading multinational corporations is now seen as a critical asset in

the business of sustainable development. To make it available to the Third World's 3bn-"customers," plus International Environmental Bureau acts as a non-profit conduit.

IEB, says its chairman, Mr David Rodderick, USX chair-man, was launched as a free market mechanism to "try to get to solutions - and to cut out a lot of the red tape." India has been the biggest user of IEB's services to date.

European companies like Shell, ICI and Bayer have also been investing heavily to improve their environmental performance. Earlier in 1988, indeed, BP became the first European company to win the World Environment Centre's gold medal. The pressures on British

business will continue to inten-sify, however. Tioxide, for example, has just announced that it will have to spend £220m over 10 years to clean up the River Humber. The Americans may still lead the field, but this is no one-horse race. Even financial institutions

are waking up to the need for increased environmental spending. Dr Hellmuth Berg-mann, the European Invest-ment Bank's chief technical

environmental spending more than doubled to Ecus L6bn in 1987 - out of a total spend of Ecus 7.4bn. All project propos-als are now subjected to environmental assessments and the bank is investing heavily in water and air clean-up pro-

The impending privatisation of Britain's water and electricity supply industries is forcing the City to think about such issues as sewage pollution of rivers, acid rain and even the emerging global "greenhouse

The environmental industry, employing some 2m Europe-ans, is itself proving an singly attractive investment prospect - with some 9,000 companies active in pollu-

tion control alone.

New partnerships are constantly being developed. "Individual companies must be helped to develop their envi-ronmental policies and pro-grammes," says Mr Tom Burke, director of the Green Alliance, "and to communicate what they are doing to opinion-formers and the public. Environmental training must be the norm for managers and staff, at every level, from com-pany introduction courses to

One vital area where Europe leads the pack, meanwhile, is in the greening of consum ism. The trend first emerged in countries like Switzerland and West Germany, but could spread to Britain, too

September sees the launch of the first national Green Consumer Week, sponsored not only by campaigning groups like Friends of the Earth and the World Wide Fund for Nature, but also by businesses like Anita Roddick's Body

Shop.
The major supermarket groups are sensitive to the potential threat. Some including Safeway, Sainsbury, Asda and Tesco – are doing their best to appear environment-friendly. Organic produce is available and CFC-free aerosols are on display. The Co-op is switching from plastic back to recycled cardboard eggboxes, while Tesco is introduchoxes, while Tesco is introduc-

ing lead-free petrol In short, expect more major advertising campaigns promo-



John Elkington, managing director of SustainAbility

ting "green" products. Selling Managing director of Sustainasusteinability will not be the bility, John Elkington is co-cutsame as selling the latest washing powder, but sold it must be. The time is not too remote when we may find ourselves wondering how we ever did

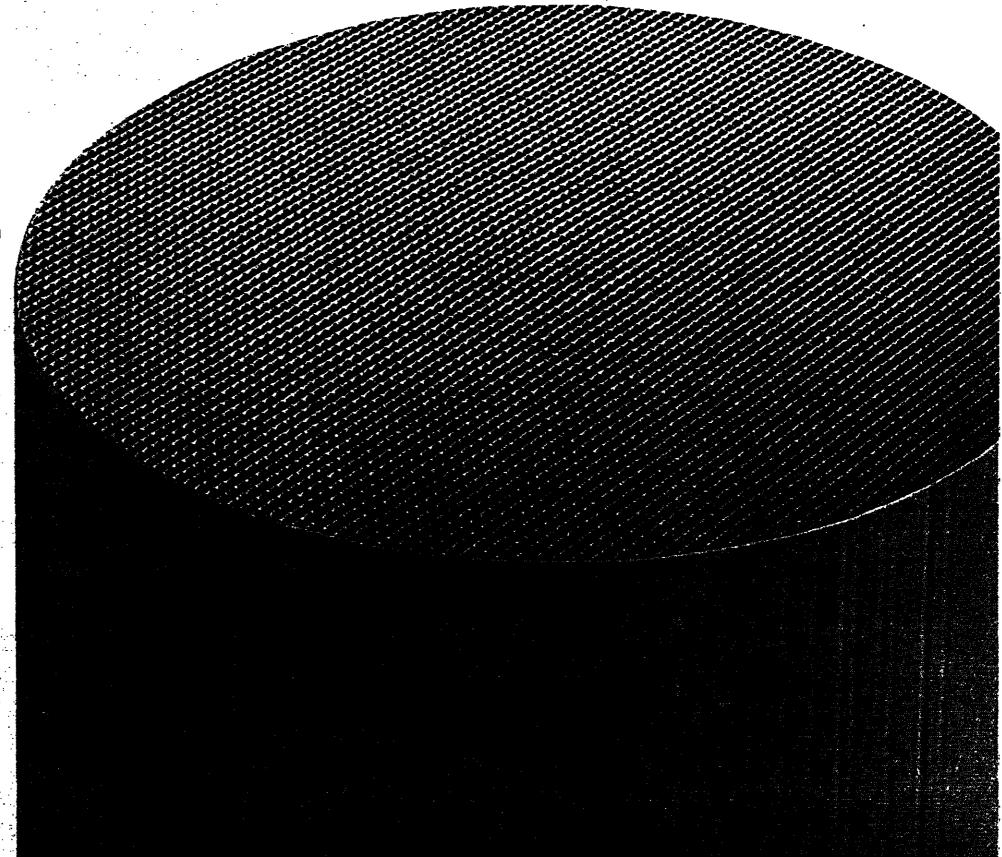
thor of The Green Capitalists (Gollancz, 1987), Green Pages: the Business of Saving the World (Routledge, 1988) and The Shrinking Planet (World Resources Institute, 1988)

# Chemistry for the Environment

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**ACID RAIN** 

# Why Britain is in the dock

A REPORT by the World Resources Institute used grim language to warn of the damage that acid rain is inflicting on the forests of Europe and the United States. "A spectre is haunting Europe and North America the spectre of widespread forest decline," it declared. "The mass mortality of trees observed across large areas of Central and Eastern Europe over the past five years seems

to be accelerating."
In fact, the problem of acid rain has been with us longer than we realise. In 1886 Henrik Ibsen, the Norwegian play-wright, observed the effects of pollution in his own country and blamed it on the "noisome fumes" coming from the smoke stacks of British industry on the other side of the North Sea.

Since then, Germany's for-ests have wilted and Scandinavian rivers and lakes have acidified in step with the increased industrialistion of Northern Europe and the pro-liferation of motor cars belching exhaust fumes. Damage has also been observed in the UK although some British scientists still believe that the connection with acid rain is

The main pollutants in acid rain are sulphur dioxide and nitrogen oxides (NOx). The sul-phur comes mainly from the combustion of fossil fuels in power stations. NOx comes partly from power stations but mainly from the exhaust fumes

It is estimated that the num-ber of cars in the world has risen from 38m to 350m over

the past 40 years. In Norway and Sweden lakes have lost their fish as acidity has increased. Researchers for Sweden's Environmental Protection Board say that in the south of the country acidity in the soil of forest areas has increased five to tenfold in recent years. In many soils there will soon be no calcium or magnesium for trees to take

In Germany researchers have estimated that over 50 per cent of the country's trees

have been damaged.

A report into acid rain carried out by the House of Commons Environment Committee in 1984 warned that a substantial reduction in emissions of sulphur and NOx was needed to safeguard freshwater life in the UK. It also warned that it



Forests destroyed by acid rain in New York State

was beyond doubt that acid rain was damaging the country's historic buildings.

There have been complaints from Germany and Scandina-via that Britain is a major contributor to their air pollution. This pressure has been one of the factors leading to action by the British government to cut emissions from power stations At the BC Council of Envi-

ronment Ministers in Luxem-bourg last month, Britain agreed to step up its programme to combat air pollution. It accepted the Community package to cut emissions of sulphur dioxide from power stations and heavy industrial plants from 1980 levels by 60 per cent in three stages, with a deadline of the year 2003. Under the plan, the UK will also reduce nitrogen oxides by 30 per cent in two stages by

Conservationists are not too impressed. Friends of the Earth see it as an important first step but claim it falls short of the levels needed to protect Britain's forests and lakes. Greenpeace argues that it means "pollution as normal for the next five years." They are also annoyed that

Britain has refused to join the "30 per cent Club" of nations that are committed to reducing by 30 per cent the total volume of their 1980 sulphur dioxide emissions by 1993. Only last

month Commons Environment Committee repeated its call for Britain to join the club. For its part, the Government

argues that it has aiready done much to reduce air pollution. The Central Electricity Generating Board has commenced a fibn desulphurisation programme but the agreement entered into at Luxembourg will now mean doubling the number of existing power sta-tions to be fitted with gas cleaning equipment. This could result in electricity prices in Britain rising by more than £700m or 1.5 per cent.

Obviously, there is no such thing as a free lunch in conser-

Statistics have tended to confirm the complaint that Britain is the "dirty man" of Europe when it comes to pollution. A table by the Nordic Council of Ministers in 1986 put Britain well ahead of 16 other Western and Eastern European countries in the emission of sulphur. The UK was exceeded only by the Soviet Union.

But Britain is handicapped by its dependence on domestically-mined coal that has a higher sulphur content than most other European countries. Even more large reductions in the use of coal would further damage a mining industry that has already expe-



An acid rain campaigner, suitably masked to take

# rienced drastic pit closures. The Forestry Commission mission of "moving the goal posts" and of having "stymied" progress towards formulating

on the Islington (North London) traffic

# Affluent countries more aware of the issues

# A pollution paradox 105

ENVIRONMENTAL awareness poses an interesting paradox: the more affluent (and therefore highly industrialised) the country, the higher the awareness are the same than the ness. One only has to look to Germany, Japan and the US for the evidence.

Early economic perceptions that environmental protection can only result in a net increase in costs to industry has given way as a buoyant and growing environmental industry begins to flex its muscles.

ICI's substitution from coal to oil and gas at its Teesside fertiliser plant in the 1960s pro-vides a early classic case of a change in raw materials and production methods not only eliminating waste but reducing costs too. This resulted in enormous reductions in atmospheric pollution.

Some processes had been some processes had been going for well over 100 years. For example, it was the development of the Lehlanc process for making soda in South Lancashire and North Cheshire which brought the Alkalis Act. into being in the 1860s.

The process emitted vast quantities of waste hydrochloic acid which, given the limits of the technology at the time, could not be recovered.

More infuriatingly, it pro-duced "black ash" or sodium sulphide which, when mixed with rainwater, produced hydrogen sulphide - the traditional prankish schoolboy laboratory preparation for produc-

ing rotten egg odours.
The solution to this problem came with the introduction by many and Austria seemed to have slowed down over the past three years. Elsewhere in Western Europe, conifers had continued to deteriorate. Brunner Mond - one of ICI's predecessors - of the solvate ammonia soda process which eliminated both hydrochloric

acid and black ash. In the case of ICI's Teesside fertiliser plant, the main drive to new materials and processes was economic – other compa-nies were making ammonia from oil around the Gulf of Mexico at prices which enabled them to ship it to Europe more cheaply than ICI could. The fact that it was a more modern and cleaner technology was, of course, recognised as an additional benefit.

"There are occasions when one actually saves money, but in general it costs money," says Mr Mike Flux, group envi-ronment adviser for ICL. "In the US where we have a

refusal to accept a nexus between air pollution and tree plant producing pesticide intermediates, it was not so much a Despite this, some organisa-tions do back the commission's view. The Watt Committee on new process as the process being cleverly adapted to reduce the amount of waste Energy has concluded that and to recycle material which had previously been produced as wasts into saleable prodmore research is needed and that some of the more alarmist reports on the effects of acid ucts.

The economics vary. There have been a number of things driving this sort of activity in the US, like the high risk of liability associated with waste in Britain earlier this year by Harris Research on behalf of disposal. This has shifted the economic balance.

"Having said that, industry is always trying to get as much out of the valuable raw materials that it puts in as it possible can. A great deal of research goes in at that end. It gets very complicated because there has to be a capital investment and

John Hunt | running costs."

The real challenge is in marrying two objectives: firstly, reducing waste generation, and ronmental awarene secondly, improving energy efficiency. A more coherent government policy across departmental boundaries would also belp.

"The Environment Department obviously has a remit relating to pollution — the Energy Department has none. But the Energy Department has a remit relating to the use of energy, and never the twain shall meet," asserts Mr Andrew Warren, director of the Association for the Conserva-

tion of Energy.

The European Commission is making very specific forecasts on the amount of both nitrogen and sulphur oxides that can be reduced by improving energy efficiency. Its aim is to reduce energy wastage by 20 per cent between 1983 and 1995.

It has published a policy paper entitled "A Continuing Policy to Energy Efficiency in the Community" which has been endorsed by the Council of Ministers, and which argues that improving efficiency by that improving efficiency by just 1 per cent a year, or half of the target figure, over the next decade would reduce sulphur

#### Never the twain shall meet

oxides by 125,090 tonnes a year nitrogen oxides by 200,000 tonnes a year, and would lower

tomes a year, and would lower substantially atmospheric emissions of carbon dioxides. "Those are the only figures I have ever seen which do actu-ally try seriously to predict the potential statistically," adds Mr Warren.

"Now that aim is very modest, but having said that, we have actually slipped backwards in the initial period of 1983 to 1985. We are not actually improving energy effi-

The assumption has been that ever since the Yom Kippur War of 1973 and the consequent hikes in oil prices, the industrialised economies have been improving their energy efficiency. In practice, this has just not been true over the last two or three years," says Mr

The Commission is beginning to get worried about this because of the implications for the extra overheads that such the extra overheads that such profligacy has, firstly on domestic and industrial consumers, and secondly in terms of the extra capital that has to be found by the utilities to provide the additional energy which will be required," he

'According to government figures, we are going to need to spend £40bn on new power sta-tions over the next 20 years in England and Wales alone. If we can reduce that, not only can we save money, but we can also reduce pollution as well. "The difficulty is that there a

myriad number of decisions that have to be taken in all companies, and they are inevi-tably going to be driven by rather shorter term factors.

That is the problem with the hidden hand of the mar-

In a drive to increase anvironmental awareness, the Commission is currently moncommission is character in the commission in schemes ranging in size from very large chemical processes plants to relatively small industrial processes under its "Clean Technologies". Demonstration Programme

Environmental Resources (ERL) has been monitoring a number of these projects for the Commission. These are demonstration schemes in that they are seen to carry some financial risk for which fund-ing must be made available.

One of the largest, Frederica Cellulose, is a paper mill based in Jutland, Denmark, which produces paper from straw, and which converts the straw pulp into high quality paper.

"Apart from eliminating the need to burn straw, the couventional pulp process, which is usually a rather mucky one and produces highly polluted water is eliminated," says Dr Berwick Manley, a consultant at VRT. at ERL.

"The caustic soda used in paper production to treat the raw material generates a very alkaline waste. With this pro-cess, it can recover it all and recycle it. The result is a clean discharge and savings in both

money and energy. The company's ultimate aim is to recover 9,600 tonnes of sodium hydroxide a year, and to reduce its consumption of fuel oil, and therefore its emission of sulphur and nitrogen oxides, by 6,400 tonnes a year.

Another company, Ruhr Zinc in Germany, has been able to turn some of its waste material into a saleable commodity. One of the problems with zinc pro-duction is the large amount of waste material for which land fills have to be found. These wastes contain residual zinc which makes it difficult to get rid of them.

Ruhr Zinc is now looking to use such waste as a colouring medium for roof tiles or as a feedstock to the steel industry.

"There is also a number of other smaller-scale projects. Metal surface finishings, for example, is notorious for producing toxic wastes," says Dr Manley.

"The majority of the schemes do carry a financial risk, but those we have been involved with look very attrac-tive. Certainly in the case of the Jutland paper mill, it is recovering a large proportion of its caustic soda feedstock.

"Some of the others are a little more marginal. The Ruhr Zinc case is linked to legislain Germany wi limit its ability to get rid of the waste. In that sense, it is an indirect benefit - even though the process will cost more, it will make a net saving because its waste disposal cost will be eliminated," concludes Dr Man-

The reality is that, for some companies, the price of staying in business at all will be increasingly dictated by environmental issues.

**Boris Sedacca** 

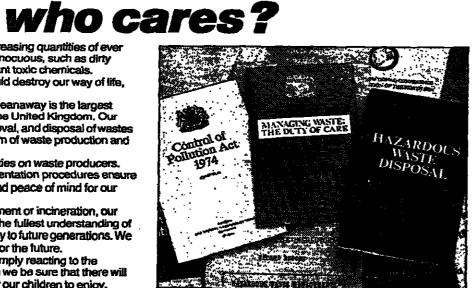
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## A definition of mud

ARE YOU confused by energy and environmental terms? Can you tell benzine from benzene? Would you know what a dobson unit is used for and whom. it is named after?

still takes a cautious view on whether acid rain is responsi-

ble for the deterioration of for-

ests. In its submission to the

Commons Environment Committee earlier this year it pointed out that there are hig differences between the tech-

niques used in various coun-

It also felt that the results of

investigations tended to yield different results in different

countries. Overall, it said, the decline of conifers in West Ger-

"Great care must be taken in interpreting these statistics," it

that this work has not, as yet, led to satisfactory explanations of more than a few of the

decline symptoms and their

Greenpeace accused the com-

government policy to reduce

The report of the committee, issued last month, criticised

said that it "stands alone in its

rain could not be confirmed.

Meanwhile, public concern is

increasing in the UK. A survey

the Norwegian and Swedish

Governments found that 89 per

cerned about the acid rain

effects of British pollution

within Britain. And 82 per cent

were equally concerned about

its effects on other countries.

cent of respondents were con-

air pollution.

It is important to state

tries to assess acid rain dam

Did you know that LV stands for limit values, SOTEAG for Shetland Oil Terminal Environmental Advisory Group, BAT for best available technology and BPM for best possible means? What would you recognise from this description: "The fluid used in

rotary drilling which is pumped down the hollow cen-tre of the drill-pipe and flows back to the surface in the gap between that pipe and the hole walls, for filtering and re-use?"

If you answer "No" to any or all — of these questions, you may need Energy and Environmental Terms: A Glossary by Peter Brackley, just published by Gower for the Joint Energy Programme of the Royal Institute of International Affairs.

## Birds and bees welcome

BRITISH TELECOM has joined with Essex Police to sponsor a "Square Mile Project."

youths aged from 11 to 16, teams have to choose a "square mile" in their neighbourhood and help to make that area a better place in which to live. Ideas from the sponsors include planting trees in an area of neglect; a litter clearing campaign and planting a wildlife garden to encourage but-

terflies, birds and bees. Telephone vandalism led BT to participate in the project; it has been spending more than £50,000 a year in Essex alone to combat the problem.

The project has been endorsed by the Prince of Wales and has been officially recognised by the Duke of Edinburgh Award Scheme. It is hoped to extend it to other parts of the UK.

## A tropical coastal course

THE CENTRE for Tropical Coastal Management Studies, established last year at the University of Newcastle-upon-Tyne, has initiated a M.Sc. course in Tropical Coastal Management Management.

The first 12 students — selected from 200 applicants for the one-year postgraduate course come from Transkei. Tanzania, India, Thailand, Mal aysia, Singapore, Indonesia and the Philippines. Each student must find about £10,000 to attend, but

much of the funding has come from the British Council Addi-tional support has been given by the World Bank, Unesco, the Food and Agriculture Organisation, the Common-wealth Fund for Technical Cooperation and Tioxide Interna-

The centre's research projects are wide-ranging and as far affeld as the Maldives,

Thailand and Australia. The effects of tin smelting on coral reefs, of sedimentation on reef corals and of environmental degradation on reef fisheries are currently being studied. Two lakes in Papus New Guinea — one near the capital, Port Moresby - are being analysed for the content of heavy metals such as copper, lead and zinc

According to Dr Nicholas Polunin, the research co-ordinator: "Ours is a signal example of how academics and a host of agencies can work together to respond to particular environ-mental concerns of governments, industries and science."

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David Marsh looks at the need for greater international co-ordination

# West Germany tightens guidelines

THE DRATHS of hundreds of seals this summer on the North and Baltic Sea coasts of West Germany, Denmark and the Netherlands have been the latest and most visible sign of the internationalisation of

An epidemic lifting the seals and other sea life, accompanied by large concentrations of what have been dubbed "killer algae" in coastal waters, has been linked to growing pollution of the North Sea by industry and agriculture.

In West Germany, where the environment is far closer to the top of the political agenda than in most other countries, the demise of the seals focused attention again on the need for far greater international coordination of anti-pollution poli-

The drama on the coast may have been less intense than the alarm signals sent around the world by Bhopal, Chernobyl and the Sandoz chemicals fire in Basic during the past few

But it has underlined again that the cause and effect of environmental mishaps inevitably run across international borders. Prevention and control of political damage is now a centrepiece of international politics.

The North Sea has already been in the public eye following the conference in London in November last year in which coastal countries undertook to cut flows into the sea of pollutants by 50 per cent in the period up to 1995.

As a result of the scale fate, fresh publicity has now been given not only to the 11,000 tonnes of said, 22,000 tonnes of since and 50 tonnes of since of marchy dumped in the North Sea such year. Organic substances—1.5m tonnes of sitrogenous material and 100,000 tonnes of phosphate, from fertilisers, human and animal waste and detergents—also flow into the sea each year, most of it from the Rhine and the Elbe.

Pressure is now growing from the Federal Republic and other states for last year's agreed North Sea pollution reduction deadline to be brought forward.

But as long as the exact causes of the latest North Sea catastrophe remain unclear, the debate is likely to remain emotional and imprecise. Mr Klaus Toepfer, the West German Environment Minister, has already been battling hard in the last few months to try to move the EC into accepting German-style guidelines on reduction of noxious emissions from cars and industrial plant.

West Germany has been in the yanguard of EC states trying to bring in uniform rules for vehicle emissions thought to be major contributors to acid rain, if also wants requirements for power stations and industry plants to reduce sulphur and mirrogen oxide emissions to come into accombinated, basis throughout the EC.

Showing the practical difficuities of international harmonisation. Mr Toenfar was able to clinch only a half-success last month when EC environment ministers agreed stags to cut by half by 1983 exhaust tumes from smaller car engines of 1.4 fitters and

The new regulations cover 60 per cent of cars in the EC, but only one third of these in West Germany.

The Federal Republic, like the Netherlands, Denmark and Greece, wanted lower exhaust levels than those which were agreed. But Bonn accepted the agraed compromise on the grounds that even a second-best accord on car pollution was better than hone at

On this summer's North Sea pollution, Mr Toepfer believes that this is more important than the other incident which has hogged West German

A second-best accord

environmental attention this year — mauthorised nuclear waste transport centring on the Hansp-based Transmiklear company. This is in view of the multiplicity of causes of sea pollution. Mr Toepfer says, which add up to a far more complex political and technological challenge.

One of the challenges

involves Bastern Europe.
Fresh from his attempts to

mental matters, Mr Toepfer has now been turning his attention eastwards. He has just come back from a trip to East Germany this month in which East Berlin was encouraged with promises of technological co-operation and hard cash to reduce pollutants from power stations and industry into the air and rivers.

As West Germany tightens up its own environmental guidelines, the bid to win international harmonisation is likely to become more important. In a European Community aiming to promote free movements of goods and capital, the Federal Reguliic knows that it is likely to lose out in jobs and investment if industries shift operations to areas with less restrictive environmental regulations.

West Germany's sensitivity over the ecology has already been blamed for part of the large fereign investment drive by important parts of the country's industry — above all the chemicals sector — in recent

Especially in view of the

EC's plans to complete an integrated internal market by end-1992, the competitive disadvantages which could accrue from rigorous West German policies on air and water pollution have become a subject of political debate.

On the other hand, the fillip to jobs and industrial strength from improving the environment should not be underesti-

A total of 400,000 jobs in West Germany are now in sectors directly or indirectly connected with environmental protection. The industry's turnover in this area is estimated at DM 20bn a year.

The Bonn government — and many industrialists — believe that West Germany could lose out in the short run over its strict environmental approach. But by the end of the century, assuming that international harmonisation by them is a reality, the Federal Republic could reap great benefits by being already well ahead of its competitors in the environmental protection

**KLAUS TOEPFER** 

# Publicity pays off

KLAUS TOEPFER is the man in the West German government faced with the strenuous task of marrying Oekologie

with Oekonomie.

As Bonn's Environment Minister since May 1987, he has the difficult job of steering a middle line between the ecological sensitivities of his countrymen and the strong vested interests of West German industry — as well as the requirements posed by international co-operation.

Mr Toepfer has just had a first-hand opportunity of seeing the benefits and the limits of efforts to harmonise the EC approach on the environment. He has been in the chair of the EC's Environment Ministers' Council during Bonn's sixmonth stint as Community president in the first half of the year. The balance seems to have been one of modest success for West German drive to inspire other west European countries with environment-

A university professor born in Silesia (now part of Poland), Mr Toepfer took over when his predecessor, Mr Walter Wallmann, left to become Prime Minister of the state of Hesse.
Like Mr Wallmann, Mr Toepfer, a technocratic Christian
Democrat with a liking for
beer, has seldom been out of
the headlines. But, unlike his
predecessor, Mr Toepfer, previously Environment Minister in
the state of Rhineland Palatinate, brought to the Bonn Ministry practical and academic

The Kaikar imbroglio

experience in environmental

matters.

The Minister is often accused by ecologists of lacking the political clout to make an impact on the cabinet. But his organisational talents and professional grasp of the subject matter have stood him in good stead over the last turbulent year.

Mr Toepfer, who will be 50 at the end of this month, earned the nickname "Katastrophen-Klaus" during his period of office in the Rhineland Palatinate. This reflected his practice of demonstrating ministerial zeal by paying lightning visits, with a TV camera team in tow, to ecological damage spots ranging from streams with dead fish to forests suffering from acid rain.

The Minister admits he facescriticism for turning such trips into publicity stunts. But he also says that people would be complaining if he did not take the chance to see such damage for himself. Mr Toepfer has been much photographed lately with dead baby seals on the north German coast following this summer's outbreak of "killer algae" in the North Sea.

This has been the latest in a series of mishaps keeping the environment a burning domestic issue. Mr Wallmann was brought into the government to calm West Germans' fears after the Chernobyl nuclear disaster, and had to face a barrage of controversy over the effects of the Sandoz chemicals fire in Basle in November 1986.

Mr Toepfer has had to cope on the other hand with the fall-out of the Transnuklear nuclear scandal at the beginning of the year, centring on unauthorised transfers of radioactive nuclear waste. He has played a big part in pushing through government directives to force industry to lower use of chloro-fluorocarbons blamed for thinning the earth's protective ozone layer. The Minister has been at log-

The Minister has been at loggerheads with the tobacco industry over the health effects of smoking. He has grappled with soft drinks manufacturers and supermarket chains over plastic throwaway bottles.

And he has found himself pitted against Mr Ignaz Kiechle, the Bavarian Agriculture Minister, over the issue of excess fertiliser use by German farmers — one of the factors behind pollution in the River Elbe and the seals' demise in

Elbe and the seals' demise in the North Sea.

Mr Toepfer's latest battle is over the virtually completed West German fast breeder reactor prototype at Kalkar on the Lower Rhine.

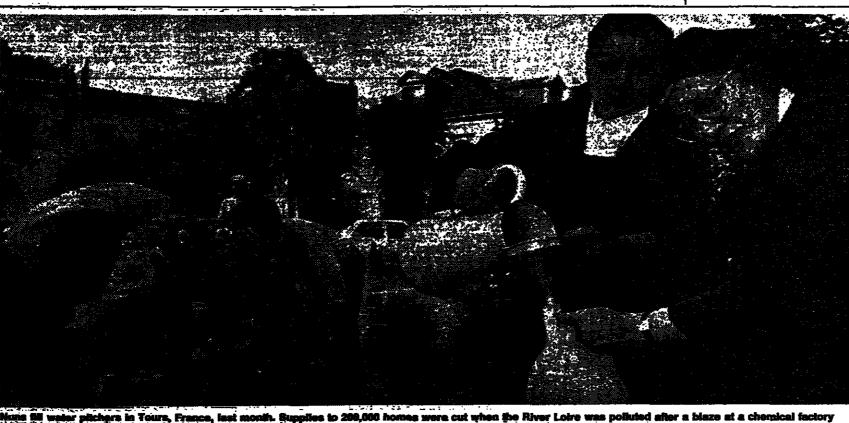
The Minister is no unrestrained supporter of nuclear energy. Like many German politicians on both right and left, he believes in working towards an ideal future where renewable energy resources would obviate the need for nuclear power.

None the less, as the minister in charge of nuclear safety, Mr Toepfer is in the throes of legalistic jousting with the state government of North Rhine Westphalia over forcing the state to complete the nuclear authorisation procedure for the Kalkar plant.

The Kalkar imbroglio is just one of the themes which will keep Mr Toepfer in the public eye. He faces a further test if he is put forward, as seems possible, by the Christian Democrats to fight the 1990 state elections for the right in the state of the Saarland, at present run by the Social Democratic Party.

If he runs in the Saar, heavily sensitised to environmental issues (above all over the nearby French nuclear power complex at Cattenom) Mr Toepfer's ministerial profile will bring him advantages as well as drawbacks. In the heated West German ecological debate, he stands frequently accused of offering no more than prophylactic remedies. But, especially on the issues of international co-operation over nuclear safety or the North Sea, no-one knows better than Mr Toepfer that the environment provides more problems than solutions.

David Marsh



# "Look after this planet, it's the only one we have."

A personal message from HRH The Duke of Edinburgh, WWF International President.

Acid rain. The pollution of soils, lakes and givers. The imminent extinction of species. The destruction of tropical forests. All these have been headline news for many years.

But they're only the tip of an iceberg. Put them all together and add in the stories which never make the news, and you begin to see the hammering the world is taking from its huge and ever-growing human population.

This hammering is cumulative. Every new case is added to the damage that has already been done, so that we are constantly accelerating the process of destruction.

Our life-support system
All life on earth is inter-connected, dependent
upon the physical processes taking place in the

This natural system is our life-support system, and if we damage any part of it we are putting our own survival at risk.

atmosphere and the oceans.

Conservation, money and people
The purpose of WWF, and all the other nature
conservation bodies, is to limit any further serious
damage and to restore the balance between man
and his natural environment.

This takes money, but money alone is not enough. We also need people.

We need people to make a personal contribution by taking a responsible attitude towards nature in their daily lives.

We need people in positions of political power to take into account the needs of nature in their decisions.

We need people in international aid agencies to ensure that development plans respect nature.

We need people in industry to manage their businesses without damaging the environment.

We need people who communicate and who help to form opinions, to pay more attention to the conservation of nature.

And we need leaders of religious groups to emphasise the moral imperative of treating nature

with respect.

Please take an interest in the health of our planet, it is the only one we have.



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Weyside Park, Godalming, Surrey GU7 1XR.

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X

major commercial players. A typical example of a small company trying to lever its way into the environmentalcontrol business is Oceanfix. based near Aberdeen. It is working with Ersac, which is in Livingston, near Edinburgh, on the sensor techniques needed to monitor waste dumps to spot whether they are producing potentially

harmful methane gas.
It is believed that Britain alone contains perhaps 10,000 dumps filled with standard Peter Marsh looks at how companies are helping to control pollution

# Waste disposal can be big business

refuse from residences and factories where the waste may slowly be decomposing to produce methane, a gas which under some circumstances can

A big problem is in first determining the sites of these dumps - many of which have been built up over the past two centuries and which may not be hidden under building developments - and then finding out which ones are potentially dangerous.

Oceanfix is working with Ersac on methods using infra-

red monitoring sensors to spot heat emerging from such dumps that may indicate emission of methane. If the work, which uses ground-based sensing equipment, is successful, then Dr Colin Stove, Ersac's technical director, believes it may be possible to mount versions of the sensors on space satellites to scan large areas quickly and effectively.

Dr Tony Ellis, a scientist at Birmingham-based Clayton Bostock Hill & Rigby, a consultancy specialising in environmental matters, says the management and treatment of waste-disposal sites is likely to be a large area of opportunity for companies interested in applying technology to pollu-

tion problems. Getting rid of hazardous or simply unpleasant rubbish from such sites can be achieved in a variety of ways. These encompass digging up the refuse and transporting it elsewhere (which is at best a temporary solution); enclosing the rubbish in situ with concrete or plastic; or neutralising it in other ways such as by

treating it with certain kinds of bacteria or heating it with high-energy, infra-red radia-

Among the companies in the UK which are trying to sell bio-logical methods of dealing with waste sites are Biotreatment of Cardiff and Slough-based Land Restoration Systems. The biological products division of Imperial Chemical Industries is also exploring this approach.

Many of the companies sell-ing anti-polintion hardware are linked to the chemicals industry, which is itself a big cusmer of environmental control

Western Europe's chemical

companies spend some \$4bn a year on environmental control measures, many of these linked with the need to reduce poliution from emissions into the air and rivers as well as with the requirement to deal adequately with solid waste. Many chemical companies have been in the forefront of new methods of incineration. Areas investigated have included ideas to reduce the volume of solid waste that

these concerns dispose of and also to minimise the nozious fumes emitted during the incineration process.

BASF, the big German chemicals company, has joined forces with Billinger and Berger, a German civil engineering business, to develop a new method of disposing of solid wastes that should keep to the minimum the problems of dangerous chemicals leaking into soil through rainwater.

The system is based on filling up gradually a dump lined with a multi-fler arrangement of plastic sheeting, with water and liquid chemicals being drained away for collection by a series of pipes. Concentra-tions of hazardous substances building up in the dump are

so as to remove sulphur dioxide from flue gases. It is likely to have to spend more as a result of the new rules on Companies most likely to benefit from the stiffer sulphur dioxide regulations include

between this year and 2003. Britain's Central Electricity

Generating Board has already aumounced a film programme to fit equipment — known as

scrubbers - to power stations,

Greater emphasis on monitoring pollution should lead to more business for laboratories and manufacturers of analysis equipment

monitored, using electronic makers of scrubber equipment

The electricity generation industry is another big user of pollution control systems. This aspect of environmental protection has been in the head-lines recently as a result of a European Community accord designed to reduce the amount of sulphur dioxide emitted by power stations, a measure aimed to cut acid rain pollu-

June, emissions of sulphur dioxide from power stations and other heavy industrial plant will be cut by 60 per cent from 1980 levels in three stages makers or scruober equipment

- which spray powdered limestone into the emitted gases, in
the process turning sulphur
dioxide into calcium sulphate such as Mitsubishi of Japan, General Electric of the US, West Germany's Lurgi, Flakt of Sweden and Britain's Davy

Corporation. A related area is the fitting of special burners to industrial boilers and power stations which reduce the amount of nitrogen oxides formed in combustion processes required to heat up water and form steam. Nitrogen oxides which form in this way and make

their way into the atmosphere

are another important source of air pollution. UK companies involved in work on such burners include International Combustion, a subsidiary of Engineering

Northern
Industries (NEI).
Other areas of business involved in pollution control are interacting increasingly with the car industry. As a with the car industry. As a result of new and stiffer laws over air pollution, car companies are attempting to reduce the levels of harmful gases such as attempting comit. such as nitrogen oxides emitted through exhausts, using such means as electronic igni-

tion systems and catalytic con-It is estimated that the West European car industry will need to spend as much as 170m over the next few years on tooling up for fitting anti-pollu-

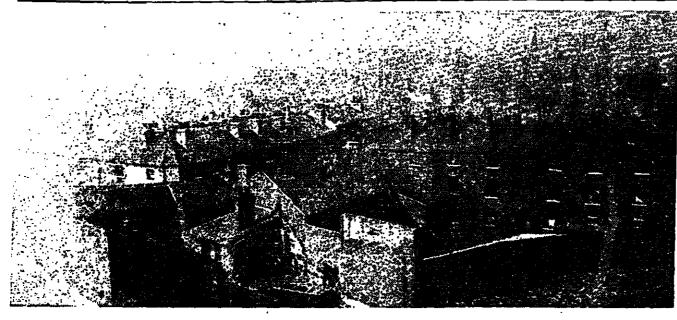
tion equipment, together with associated research.

The greater public emphasis on monitoring pollution should also lead to booming business over the next few years for contract laboratories and manufacturers of analysis

equipment such as spectrometers and gas-chromatographs.
For all the growing interest in the pollution control industry, some commentators believe that more could be done to lend focus to the business and make it a more unit.

done to lend focus to the business and make it a more powerful force.

Mr Marek Meyer, editor of Environmental Data Services, a specialist journal, says that, especially in Britain, the industry has not organised itself sufficiently well to turn itself into a strong lobby for pushing for initiatives in environmental policy.



has in recent years enjoyed some of the cleanest air of Europe's big cities



# "TO SUSTAIN INDUSTRIAL DEVELOPMENT... WE HAVE TO RADICALLY CHANGE ITS QUALIT

There is now an early warning system to alert manufacturers to any potential environmental hazard.

(The Brundtland Report, World Commission on Environment and Development, April 1987).

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FRIENDS OF THE EARTH



# Dividends from planet protection

"MANY INVESTORS are to the long-term protection and causing, albeit unwillingly, wise use of the natural envicausing, albeit unwillingly, serious damage to our pla by investing in companies that are harming the environment." From a unit trust manage-ment, that is fighting talk. But in some respects, Merlin Ecology Fund is a strange bird. Set

up in April, it invests world-wide "in companies that are either directly engaged in pol-lution control or which demon-

Slurry used to produce animal feed

COMPROSTRIN has developed a technology to produce high nitrogen content compost and yeast-based animal feed from pig, poultry and/or human slurry, thereby eliminating the pollution associated with the disposal of such waste com-

The company enters into 50:50 joint ventures throughout the world on the basis that it the local partner puts up the financial and management

Recently, the company

began construction of a plant in Italy, in partnership with Mignini, a local pig feed pro-ducer, to produce animal feed and compost from pig slurry. In the UK, Comprostein, which is breed at Calva Willia. which is based at Caine, Wilts, disposes of pig alurry, which is separated into liquids and sol-ids. After chemical treatment the finid is used as a fe for growing a type of yeast that is high in quality protein. It is then harvested, blended with glucose and starch to produce a pig Creep feed which is sold to pig farmers at a competitive

The solids are used as a feedstock by a strain of earthworm, which converts them to compost. When the solids are harvested, the worms are sepa-rated out and graded. The compost can then be sold as an organic fertiliser.

The managers, who also took over the long-established Mer-lin International Growth Fund last July, argue that such companies will play an increas-ingly important part in indus-try, while they will prove to be

rewarding investments.

The members of Merlin Ecology Fund's advisory committee John Elkington, co-author

of The Green Capitalists; Robin Grove-White, former Director of the Council for the Protection of Rural England and Nigel Haigh, author of EEC Environmental Policy in

And if that were not green enough, not less than 10 per cent of the initial fees will after recoupment of launch expenses - be devoted to fund-ing a research unit to advise

and environmental criteria.

However, no investment will be made unless the managers are convinced that it has prospects for capital appreciation and/or a capacity to pay a secure dividend," the fund

managers say. Since the units were issued at 50p, the offer price has risen to 53.51p (July 13) while the fund has grown to spuroximately £1.65m.



Comprostein says no harmful bacterium or virus in the shury can survive its process and consequently no disease can be carried over either in the compost or in the animal feeds. And its animal feed products have been tested for safety, while five consecutive generations of rats have tested its yeast — two more than required by EC regulations — without any ill-effects.

# Rightfooted at last

SOME TIME after phasing out CFC propellants from its aero-sol range, Dasco has labelled its shoe care cans with a blue symbol stating: "No CFCs caring for the environ

SAFETY training is given high priority at all 16 branches of Ellis and Everard Chemicals, which claims to be Britain's largest chemicals distributor. In a recent exercise (above), a simulated road transport accident involving chemical cargo was mounted at the local depot to provide specialist training facilities

for the Nottinghamshire Fire

3.

# Keeping up pressure

Continued from Page 1 Continued from Page 1 given high priority in issues. Not surprisingly, it discovered that immediate work on the economic front the

cern rose dramatically when people were asked questions linking environmental problems to their daily lives.

Some 49 per cent believed there was a risk of using up the world's resources and 58 per cent said they would support an increase of a penny in the pound on income text to pay for effective measures of bount the pressures of bount to put an unacceptable strain on the environment.

The conservationists complain of "resource blind" economists and accountants and point out that there are massive costs in pushing nature reduce the waste of resources. Nevertheless, the report on the UK response to the declaration on World Conservation on World Conservation Strategy could still say: "The gravity of this crisis is height would probably value a forest country that fact that so years a marketable timber. But how people remain unaware of it."

It pointed out that in addition to the global ecosystem humanity had now created a separate autonomous and artispants of the global structure. It is in the separate autonomous and artispants of the global structure. ficial system - the technos- the balance of the global atmophere. Over recent decades the sphere? demands of the technosphere So de on resources have risen to a at government level, the conlevel which could not be long sustained without exhausting As Mr Peter Taylor, an envi-vital supplies and inflicting ronmental consultant to Greenirreversible damage on the

The report highlights the conflict between people's expectation of continual eco- a decade of near catastrophe in expectation of continual eco-nomic growth and the need to preserve a liveable environ-spheric pollution, and may ment. It was significant that well yet turn out to be just economic growth was still that."

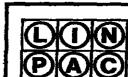
ries over unemployment, infla-conservationists are in a catch tion and law and order took 22 situation. In times of recesnce. But levels of con- sion the demands of the envicern rose dramatically when ronment take a back seat as an

beyond sustainable natural

ed by the fact that so many as marketable timber. But how

So despite official optimism

servationists are not reassured peace, put it in a recent report: "What should have been a decade of continuing environmental improvement has been



**LIN PAC PLASTICS** FEATHERSTONE,

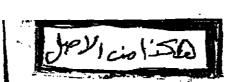
is pleased to announce that it is moving out of using CFC's as a blowing agent and will be 100 % on Pentane (a Hydrocarbon) by the end of 88,

This means our EPS meat trays. egg boxes and Lindis products will follow the fast food box ranges into an Ozone Friendly category.

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# **FINANCIAL TIMES** COMPANIES & MARKETS

Tuesday July 19 1988



#### INSIDE

Siemens signals car electronics expansion



Karlheinz Kaske, chair-man of Siemens, has led the West German group's expansion into the fast-growing car electronics market with the purchase of a major Ity stake in Bendix Electronics of Detroit. Siemens has paid Allied Signal, of the US, \$300m for the holding, a

move which virtually doubles the size of its

#### Young Turks in hot pursuit

The youthful management of Konutbank. formed through the merger of two Turkish state banks earlier this year, has taken an aggres-sive stance on bad debt. It is now in hot pursuit of a Turkish businessman for allegedly making off with \$80m in loans and has taken out extra-dition proceedings in Switzerland against him.

#### Bankers at loggerheads over North Korea's debt

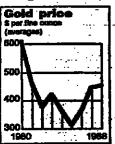


are running so high. Page 23

)teciii

A repugnant and dangerous precedent or a realistic compromise? A plan to reschedule much of North Korea's \$900m of outstanding loans has divided the Western banking community. Critics say it will reward a troublesome debtor for long-standing delin-quency. Stephen Fidler explains why emotions

## SA gold shares lose their lustre



A threat of further US South African gold shares is making them less attractive to other Some analysts talk of "crises" and "fire sales and, in the longer term, a fundamental restructuring of the gold mining industry as costs esca-

# Hawke moves to helt Australian

coal disruption

Australia's coal support industry is billing severely disrupted by a series of migers strikes over working hours. Coal strike are low and companies have had to declare force maleure on delivaries. Tomorrow Mr. Bob Hawke, the Prime Minister, will try to unacramble the mess. Page 25,

# Ploughshares and golf clubs

It is now time to beat ploughshares into golf clubs, according to Sir Geoffrey Howe, UK Foreign Secretary, as a way to cure the ills of subsidised farming. Farm diversification continues to attract publicity in Britain and continental Europe, but the landscape is littered with failed attempts to boost farming incomes, argues David Richardson. Page 28

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# Schindler buys elevator side of Westinghouse

By Nick Garnett in London and William Duilforce in Geneva

SCHINDLER, the world's second largest elevator maker has agreed to purchase the lift manufacturing interests of Westinghouse Electric of the US in the most algnificant of restructuring in the elevator industry for many

The Swiss company has signed a letter of intent to buy for an undisclosed sum all the elevator and escalator production facili-ties of Westinghouse, the diversi-fied group which claims to be the number three lift supplier in the North American market.

Westinghouse, which claims total sales of elevators and esca-lators of \$500m, has plants in Pennsylvania, New Jersey and Canada employing 5,500. It sold off its production facilities outside North America many years

The deal will bring Schindler close behind Otis of the US in terms of world sales and well ahead of Kone of Finland and the two Japanese companies. Mitsu-

The purchase of the Westinghouse elevator interests, which

Schindler expects to complete in August, further consolidates con-trol of the industry in the hands

of fewer companies.

It also represents another step in the fundamental restructuring that is changing the shape of Westinghouse. A few months ago, the US company amounced that it was putting its US power engineering interests into two joint ventures with Assa-Brown Boyeri ventures with Asea-Brown Boveri of Switzerland.

Schindler said yesterday that the purchase would diminish its dependence on Europe and give it a solid bridgehead in Otis's domestic market.

Last year Schindler generated only 15 per cent of its SFr 1.8hm(\$1.16bn) consolidated turnover in the Americas with about half of this coming from the US. A few years ago it bought Haughton, a small US elevator maker. Its purchase of the Westingh-use interests will still leave it

behind Otis which last year had sales of \$2.5bn in elevators and

said he is seeking a hig acquisi-tion that will diversify the com-pany's businesses. Schindler said yesterday that this was not the Westinghouse purchase.

Westinghouse said it would use the proceeds of the sale for future investment in high growth busi-nesses, continued restructuring or for a stock repurchase proor for a stock repurchase pro-

It was considering further acquisitions related to its high growth businesses which Wes-tinghouse listed as broadcasting financial and environmental services, communications and elec-tronic systems.

The slow process of restructuring the elevator industry has involved the purchase of European companies by other European suppliers, the acquisition of European production sites by the two biggest US companies - Otis and Dover - and, more recently the move of the Europeans into North American manufacturing. Last year Schindler added to the complexity of rationalisations by acquiring Nippon Elevator, Japan's eighth largest lift maker. Boom in UK sales, Page 5

# Mr Alfred Schindler, chief executive of the Swiss company, has

# Selling the stuff that dreams are made of

James Buchan in New York looks at the enigmatic Kirk Kerkorian in the wake of his latest MGM deal

here is a seamless quality to the Kerkorian story, wrote Fortune magazine in November, 1969. "As a youngster, he bought and sold used the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and round grin, he seems to message the bought and sold used the bought and so cars; after the war, he bought and sold airplanes; in middle age he buys and sells companies," it

Now in old age, he buys and On July 11, Mr Kirk Kerkorian announced he was selling 25 per cent of what remains of the Metro-Goldwyn-Mayer studio for \$100m to two well-known Holly-wood producers, Mr Jon Peters and Mr Peter Guber, and a Bev-

Mr Peters, speaking in England last week, was jubilant that real film-makers were back running the dream factory that Louis B. Mayer built. But a lot of people on Wall Street and in Hollywood

erly Hills entrepreneur, Mr Burt

In the 19 years since Mr Kerkorian bought control of MGM, it has gone from film-making to Nevada gambling to film-making again, been merged, demerged, offered for sale in whole or in part, broken up, stuck together and broken up again. Stripped of its studio lot and its famous library of classic films, such as Gone with the Wind and Casaing television and movie produc-tion company, the best asset of which is a half-share of a film

distribution system.

Variety, the bible of the movie industry, commented last week: "Back in 1969, MGM was still a grand place, albeit a bit shy of its zenith. Today, you have to shuf-fle through piles of paper to fig-ure out exactly what the new

Mr Kerkorian is an enigmatic man. Half-educated, the son of immigrants, he is shy socially and has not turned up for an MGM annual meeting for years.
As a manager, he has not been greatly successful. His MGM/UA Communications, which includes the United Artists studio as well, is losing money at a time of record box-office earnings from feature films.

Associates report that he will often sit through a board meeting without saying a word. "Tve never cared for day-to-day operations," he once said. But at 71, Mr Kerkorian is one of America's great entrepreneurs.

the survivor of an heroic age of West Coast wheeling and dealing. With his squashed boxer's nose

Once, in 1977, he stranded himself at Madrid airport by selling his private jet to Mr Adnan. Khashoggi on the tarmac. And by shuffling the assets of public companies where he holds a majority, he has built a fortune of about \$500m.

Mr Kerkorian was born in

Fresno, California in 1917, the son of an Armenian fruit-seller. The family was desperately poor and moved constantly.

He stranded himself in Madrid by selling his jet to Adnan Khashoggi on the tarmac:

The young Kirk was a fighter and truant and he ended up in reform school. During the Depression, he started his first business, buying beaten-up old cars, repairing them and selling them to neighbours.

His big break in life coincided with his great passion in life, which is flying. In 1941, he gained rest of the war ferrying aircraft across the Atlantic for the Royal

Air Force. For this, he was paid \$1,000 a month and he saved \$12,000 to go into an even more dangerous business after the war: flying back war surplus DC-3s from the Pacific theatre, sprucing them up and selling them.

He also flew honeymooners to Las Vegas, his second great passion. In 1948, he incorporated the airline as the Los Angeles Air Service, and with the help of Mr A.W. "Tom" Clausen, a banker who went on to head Bank of America, he built it up to be a successful independent carrier.

But he remained a trader at heart. He sold the business in 1962, bought it back in 1964, floated it in 1965 and finally sold it in 1968 for a total gain of

When he turned his attention to MGM, the studio was losing money - \$35.4m that year - and expenses were out of control. But

Mr Kerkorian tends to look beyond earnings to the assets behind them. After gaining con-trol for \$84m, he sold off much of MGM, including such memorabilia as Judy Garland's slippers from the Wizard of Oz, cut the film schedule to one or two mov ies a year and used the famous roaring lion to attract gamblers to a vast casino in Las Vegas, the MGM Grand.

In the early 1980s, he saw a new lease of life for feature films, from video and pay television. He bought the United Artists studio for \$380m, merged it with MGM and eventually sold the casino business, for \$287m.

But success in film-making eluded him. When the brilliant, but erratic, Mr Ted Turner appeared in Hollywood looking for programmes for his cable station, Kerkorian sold him the business for \$1.48bn and then

business for \$1.48bn and then bought back most of the assets, except the great film library.

It was a deal that was so expensive for Mr Turner that it has crippled his company with debt. In the words of an astonished Wall Street analyst, Mr Turner "went to Hollywood fully clothed, and left in a barrel."

Since the Turner deal, MGM/
IIA has had to begin from

UA has had to begin from scratch. Though it has begun to turn out hits, the huge cost of gearing up to full production, as well as \$100m in losses, has evidentily used up Mr Kerkorian's short patience. Earlier this year, he put MGM/UA up for sale, in whole or in part. When the dust settles from last

week's transaction, Mr Kerkorian will own 82 per cent of a free-standing United Artists, with its bank debt paid off. The company still holds rights to about 1,000 films, including the Rocky and James Bond series, and will either be releveraged or partly sold off, according to Mr Jeffrey Logsdon, a highly regarded Los

Angeles analyst.

MGM, on the other hand, has no film library and although its films Willow (\$46m gross) and Moonstruck (\$79m) have been hits, it is regarded as the weaker

There are shades of the Turner

"Surely the new MGM partners are not shopping for barrels yet," Variety said cattily last week.
"But, looking at the deal from the outside, it might behove them to start sizing their staves, just in

# RHM sacks Midland in retaliation for backing Goodman

RANKS Hovis McDougall, the British foods group which is expected to be the subject of a £1.5bn hostile bid this week from Sydney-based Goodman Fielder Wattie is sawaring all hanking Wattie, is severing all banking links with Midland Bank.

The move, announced yester-day, follows the involvement of the bank's Samuel Montagu corporate finance subsidiary in the proposed bid by Goodman, which has extensive food interests in Australia and New Zealand.

RHM said its decision had been made "in the light of the involvement of Samuel Montagu...in putting together a pro-posed banking syndicate, to be led by Midland Bank, to provide a highly-leveraged funding package for Goodman Fielder Wattie."

The company said it was par-ticularly aggrieved because it received verbal assurances from Midland on March 29 that the bank would not participate in any hostile action by the Good-

RHM declined to discuss its banking relationship with Mid-land in detail. It said its lead bank was Barclays, followed by National Westminster. After National Westminster. After that, the other two clearers had roughly equal weighting. In May, Midland featured — along with the other three clearers — as a senior lead manager on a £250m multi-option facility (a flexible funding arrangement)

Last week, Midland also emerged as part of a four-dealer group on a £150m commercial paper programme for RHM.

Hostile leveraged bids — bids financed by bank borrowings — for UK companies are relatively infrequent and the prospect of such retallatory action has sometimes been cited as a reason for the reluctance of UK clearing banks to get involved.

"The principle is that the banks are either on your side or they are not," Mr Bob Rogerson, "This is a bit of a warning light to all British companies."

American banks – which have featured more prominently in hostile leveraged offers in the past – have already encountered similar retaliatory action. Earlier this year, UK grocery group Dee Corporation sacked Citicorp when the US bank led the banking syndicate which provided Dee's predator, Rarker & Dob-son, with a £1.6bn loan facility. Midland swap deal nearing completion, Page 26; Lex, Page 19.

# Wereldhave bids for Peachey

A £265M BID battle broke out yesterday between Peachey Property Corporation, the UK property company and owner of Carnaby Street, London, and Wereldhave, the second largest

Dutch property group.
Wereldhave announced last week that it had picked up a 10.4 per cent stake in Peachey and had approached the company with a view to a recommended offer. Yesterday, it said that dis-cussions continued until the end of last week, but that it had felt agreement was unlikely. "We couldn't find agreed prin-ciples on pricing," said the Dutch

group.
Peachey's managing director,

Mr John Brown, confirmed that the failure to reach a recom-mended deal centred on price, adding that the groups had remained "a long way apart." The Wereldhave bid offers shareholders 612p in cash for each Peachey share. There is also a partial loan note alternative. Peachey shares closed last night

anging a loan facility of around £140m. It would not elaborate on the financing arrangements.

Wereldhave maintains that
Peachey fits its intention of

expanding further into retail property and increasing its pres-ence in the UK. The Dutch group, the investment portfolio of which is worth around £450m, had around 54 per cent of its holding outside the Netherlands at end-1987, and 83 per cent in offices. The UK accounted for only 2 per

Wereldhave said yesterday that the offer price represents a 45 per cent premium over Peachey's last published net asset value. This was at June 1987, when net assets

stood at 421p, adjusted for the subsequent rights issue.

However, in the light of the strong property market, analysts' forecasts for current net asset value have ranged between 600p and 620p. In the year to end-June 1987, Peachey made pre-tax prof-its of £11.65m, and reported a sharp increase to £7.87m (£4.37m) in the first half of 1987/8. At end-June 1987, retail accounted for The Dutch company will over half its portfolio and almost finance just under half the bid some existing in London or the South-East.

# Porsche to close domestic dealers

By Our Financial Staff

PORSCHE, the West German sports car group, plans to shed more than half of its 207 domestic dealers in the next five years and break with the Volkswagen/Audi dealership network, the company said yesterday.

It confirmed a report in a West German motor magazine about the cuts, but declined to give more details before a news conference on July 26.
At present, 80 to 90 per cent

of Porsche's dealers also sell VW and Audi cars. Fewer than half its outlets operate on a large-scale direct basis - most are subordinate dealers.

The magazine Auto Motor und Sport quoted Porsche's domestic sales chief as saying the company was thinking of using autonomous outlets with "suitable ambience," capable of selling at least 60 cars a year. sche's home state of Baden-

Wuerttemberg had refused to pay subsidies to help the car company out of its current dif-ficulties. However, yesterday Porsche said the company had never asked for subsidies.

• Karstadt. West Germany's largest department store chain, saw parent company turnover rise 3.5 per cent to DM4.56bn (\$2.42bn) in the first six months of 1988 compared with the same period in 1987, Mr Walter Deuss, management

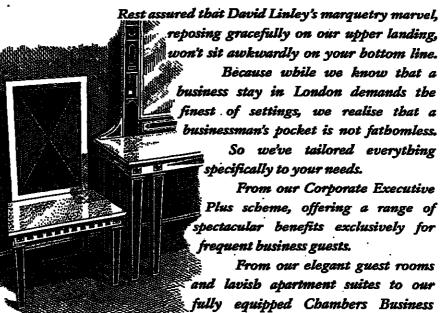
board chairman. He told the annual shareholders' meeting that Karstadt was profiting from a favourable consumer climate. Stores not undergoing modernisation reported higher turnover rises of 4.7 per cent in the first half

of 1988. Sales from Karstadt's mail order subsidiary Neckermann Versand rose 9.4 per cent to DM873m in the six-month-period. Karstadt's holiday travel unit NUR Touristic took just under 1.09m bookings from. November 1 1987 to June 3/3 1988, up 13.5 per cent, M.r. Deuss said. The bookings we're worth DM1.44bn, 12.2 per cent more than in the same period

Mr Deuss said it was too soon to make forecasts for the whole of 1988 on the basis of the first-half figures. But he added that increasing delays at West German airports; were hurting Karstadt's tourism business. Another more general danger was a government decision to raise consumer. taxes, which would lead to

higher prices.

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# INTERNATIONAL COMPANIES AND FINANCE

# Apple's strong growth continues

By Our New York Staff APPLE, the Californian-based personal computer manufac-

personal computer manufac-turer, continued to enjoy strong growth in revenues and profits in the latest quarter. Its new range of models made further headway in the market for business comput-ers, as well keeping its strong position in sales to schools and

Apple's net income was \$91.5m or 71 cents a share in the three months ended July 1, the third quarter of its fiscal year. This was 71 per cent above the \$53.5m or 40 cents

sales jumped by 56 per cents to \$993m, marking the fourth consecutive quarter of revenue growth in excess of 50 per cent. During the past nine months, Apple's sales have increased by 55 per cent to \$2.9h and earnings per share jumped by 102 per cent to \$2.24.

The key to Apple's recent rapid growth has been the suc-cess of its Macintosh II in winbusiness computer market which had been the almost exclusive preserve of International Business Machines and compatible models made by manufacturers like Compag, Tandy and Far Eastern companies.

"We continue to make good progress in business markets with our Macintosh personal computers. Demand for Macintosh II grew significantly durusa it grew significantly dur-ing the quarter," Mr Delbert Yocam, Apple's chief operating officer said. "We are also experiencing strong momen-tum in our Apple II groducts during this year's education

buying season."
Mr Yocam noted that Mr Yocam noted that Apple's gross margin during the quarter was 51.5 per cent, virtually unchanged from the 52 per cent reported in the previous quarter despite signifcant price rises in semiconductors, the computers' most important components.

Overseas sales came to 38 per cent, well up on the same

per cent, well up on the same quarter a year ago and unchanged from the first times months of this year.

Mr Yocam predicted that strong demand for Apple prod-ucts would be maintained and the company's favourable financial performance would continue throughout the remainder of 1988.

#### **Union Carbide** income soars

UNION CARBIDE, the US chemicals group, reported strong second-quarter earnings, with net income rising 171 per cent to \$187m or \$1.39 a share, from \$69m or 52 cents, writes Our Financial Staff.

The second-quarter results prompted many analysts to raise their 1988 earnings estimates to \$4.50 a share. Carbide, like other chemical companies, has seen its profits

soar this year because of rising commodity chemical

Operating profits in Car-hide's largest division, chemi-cals and plastics, more than doubled to \$315m from \$123m. In the first six months net income rose to \$288m or \$2.14 a share from \$135m or \$1.03 last time on sales of \$4.06bn, compared with \$3.34bn.

# GM plans sharply higher spending on new products

By Kevin Done, Motor Industry Correspondent, in Detroit

MR ROBERT STEMPEL, president of General Motors, the world's largest automotive concern, said yesterday that the company was planning to devote a much bigger share of its capital spending to now product programmes.

This follows the virtual com-

pletion of the most "massive rebuilding programme ever undertaken by a manufactur-

By the end of this year GM would have brought into operation eight new and 19 refurbished assembly plants, Mr Stempel told the Automotive News World Congress. He said that GM's building

programme was now "winding down." In 1986 around 24 per cent of GM capital spending was devoted to product expenditure, but this would be increased to around 40 per cent in 1988 and 1989.

GM's total spending would decline to around \$7bn in 1988

and \$6bn in 1990 compared with the 1986 level of \$11.7bn. GM has suffered a sharp decline in its US market share in recent years, but Mr Stem-pel said the company was planning to introduce more new products in 1988 and 1989 than



Robert Stempel: ambilious.

at any time in the company's 80-year history.

GM products had undergone a "massive transformation" during the 1980s with a switch for almost all vehicles to front wheel drive and the introduction to almost all cars and tracks of electronically con-

trucks of electronically con-trolled fuel injection. At the beginning of the 1980s only 6 per cent of GM cars had fuel

automotive industry would be mable to meet the current US

legislative plans for more stringent exchaust ignition standards. The proposals before the US Congress this summer would push allowable automotive emissions "closer to zero,"

"The technology does not edet at any of the entorsobile companies or at any of the companies or at any of the nation's most prestigious research isboratories to achieve the proposed standards in actual use. Froduction of many of the vehicles available today would not be possible at some of the proposed ignition

levels.

Ar Stampel also warned of the danger of toughening sametions against South Africa.

The two major sources for the metals were South Africa and the Soviet Union, and currently the US drew all its supplies from South Africa.

The continuing clamout for

The continuing clamour for sanctions against South Africa raises the possibility that essential materials for one of our major clean air technolo-gies may be interrupted." So far the US authorities had exempted noble metals from sanctions strategies, but increasingly concerned.

# Dofasco bids for Algoma Steel

By Robert Gibbens in Montreal

DOFASCO, Canada's second biggest steelmaker, yesterday offered to pay C\$550m (US\$463m) for Algoma Steel, the country's third largest steel group which is 53.8 per cent owned by Canadian Pacific. DOFASCO, Canada's second

Dofasco said the offer will be conditional on obtaining at least two-thirds of each class of Algoma shares. Dofasco said Canadian Pacific Enterprises, a unit of Canadian Pacific, has agreed to tender its block for about C\$246.2m.

Observers said a merger its and forecast substantially would be logical since Algoma, severely hit in the last recession and also by the recent slowdown in the oil and ges industries, faces an uncertain share against C436.2m or 49 Algoma specialises in heavy construction steel, plate and seamless tube. Dofasco, Can-

4 3333

Second-quarter earnings were C\$54.4m or 75 cents a share against C\$36.2m or 49 cents on revenues of C\$835.5m, against C\$756.4m.

seamless tube. Dofasco, Canada's second biggest steel products.

• Abitibi-Price, the Canadian forest products group, turned in record second-quarter prof-

# Alcoa registers sharp advance

By Our New York Staff

ALUMINUM COMPANY of ALUMINUM COMPANY of America (Alcoa), the world's largest aluminium producer, reported another big Jump in profits, revenues and physical output as the US metals industry continued to enjoy boom conditions.

Alcoa made net profits of \$237.6m or \$2.59 h share in the second quarter. A year earlier the company lost \$91.2m as a result of special charges relating to discontinued operations and the early retirement of above the year-ago level.

high interest debt. In the first quarter of this year, Alcoa made \$178.7m or \$2.02 a share. Alcoa's quarterly revenues increased to \$2.5bn, 25 per cent increased to \$2.50n, 25 per cent up on the \$2.00n recorded a year ago. The rate of revenue growth actually accelerated from the first quarter, when revenues at \$2.50n were 18 per cent higher than in the provious, year a period. Physical shipments increased to \$20,000 tonnes, which was 11 per cent the research to the research to the research to the period.

The group said its results reflected a strong aluminium market around the world and expressed confidence in its future performance.

"Alcôa's inventory level is virtually unchanged from the prior quarter and there is no evidence of inventory build-up in the industry." Mr Paul O'Nelli, the chairman, said. "Alco's order receipts are strong and we expect favoura-

tinne, he added."

# ATT/Philips venture cuts loss

By Our Financial Staff

APT, the joint venture of APT, the joint venture of American Telephone and Telegraph and Philips of the Netherlands, yesterday reported that its net loss in 1987 fell to Fl 20m (\$9.5m), from Fl 70m the previous year, as sales rose by 20 per cent to Fl 895m, from Fl 744m a year centler

The Netherlands-based supplier of telecommunications switching systems and trans-mission equipment said sales of all major products rose last

More efficient production, better cost control and fewer capital expenses also contrib-uted to higher earnings. The management expects the company to make a profit in 1988, its first since its inception in 1964. The company earlier said it hopes to increase to around Fl 3bn by 1990. Until this year, the four-year-old Dutch/American com-

pany's earnings had been hurt by heavy start-up costs, as well as by outlays for product development, new computer hardware and software systems and the construction of new pro-duction lines and a new headquarters in the Netherlands, sald Mr Cees Steijger, a company official.

But the negative effect of

those capital outlays on earnings apparently is diminishing, coincidentally as business

improves. The company said it not only experienced "considerable growth to existing customers" last year, but also was able to broaden its sales base into such new markets as Greece and Spain. APT said orders and deliv-

eries of its new 5ESS-PRX digital telephone switching systems led its sales increase in 1987. Supplies to the Dutch PTT grew significantly, and the company also delivered substantial orders to Britain. The order portfolio for transmission systems increased by 25 per cent at the end of 1987. compared with 1986, despite

fierce competition which put

pressure on margins.

**US BANK RESULTS** 

# Special gain boosts returns from Chase

SEVERAL BIG US banks Net income in each of the last reported sharp recoveries from two quarters has also been reported sharp recoveries from the loss-plagued second quar-ter of 1987, but said that operating profits had declined this year between the first and sec-

Yesterday's results, from Chase Manhattan, J.P. Morgan, Manufacturers Hanover and Continental Illinois, confirmed the broadly flat performance this year revealed by other major US banks which reported last week.

Chase, the second largest US bank group, earned \$224m or \$2.45 a share in the second quarter, against a loss of \$1.4bn or \$16.98 last time due to \$1.6bn of Third World loan loss

In the first quarter this year, the bank earned \$277m or \$3.09 a share, although this figure, like the latest quarter's results included a large contribution from one off items.

Chase's second-quarter earnings of \$224m included a \$69m after-tax gain from the sale of the bank's equity stake in Cain Chemical, a spectacularly succhashed, a special gain, chase financed last year.

Excluding this special gain, chase said that earnings reflected "relatively flat net interest income and incomes

interest income and increases in trading account income, investment securities gains in the second quarter was and trust and fiduciary fees." \$382.5m, down 6 per cent on

boosted from tax benefits related to Third World loan loss reserves established in

Net interest income in the second quarter was \$882m, 3 per cent down on the year before while fee and commission income declined 4 per cent at \$318m Foreign exchange trading profits were also down 3 per cent at \$59m, but other trading

account gains came to \$34m, against a \$11m loss in the second quarter of 1967. Operating expenses were up only 1 per cent at \$860m.
Chase's average total assets in the latest quarter were 4 per cent down, at \$94.9km, and its

common stockholders' equity ratio was 3.79 per cent. J.P. Morgan reported net income of \$228.7m or \$1.23 a share, compared with a loss of

\$586.4m or \$3.29 a year ago and a profit of \$281.4m or \$1.52 in the first quarter of 1968. Like other leading banks, Morgan, said it had benefited from lower taxes as a result of the 1987 losses. It also reported a decline in net interest income and higher non-interest expenses, partly offset by mod-erate advances in non-interest income.

exchange income was down 25 per cent at \$40.2m but other trading income increased by 61 per cent to \$33.3m. Investment securities income fell by 22 per cent to \$40.7m, while trust income increased by 6 per cent to \$111.4m. Other operating income, mainly from fees and commissions advanced by 16 per cent to \$150.5m. Total noninterest expenses jumped by seven per cent to \$429.2m. Manufacturers Hanover Cor-

the year before. Foreign

poration announced net income of \$403.1m or \$7.93 a share, more than half of it due to the sale of the company's consumer finance business, which produced a net gain of \$291.3m. In the second quarter of 1967, HMC reported a net loss of \$1.37hn or \$32.96 a share and in the first quarter of this year, the company made profits of \$140.3 or \$2.56.

MHC's net interest revenue declined by 8 per cent to \$463.9m, while non-interest revenues, excluding special gains from asset sales, were up 7 per cent to \$360m. Foreign exchange revenues rose 23 per cent to \$25.4m, and trading account profits and commissions increased by 21 per cent to \$28.6m. Non-interest operating expenses were 3 per cent down at \$545m.

Common shareholders' equity increased sharely as a result of the asset disposals

and improvements in profits. HMC said its common equity now stands at 3.50 per cent of total assets which declined by

5 per cent to \$70bm.
Continental Minols, the big
Chicago based bank which has
returned to profitability after
its rescue in 1984 by the Fed. eral government, had net income of \$60.2m or 24 cents a share. In the same quarter a year ago it incurred a net loss of \$477m or \$4.53 and in the first quarter of 1988 it made a profit of \$68.5m or 28 cents.
The first-quarter earnings included a one-time gain of \$15.1m connected with settlement of pensions liabilities. In contrast to other major

banks, Continental increased its net interest revenues by 5 per cent to \$150 Am, as a result of wider spreads and increased volumes. Other revenues increased by 11 per cent to Continental said that, as a

result of its improving profits, it would be able to meet and exceed the new capital adequacy guidelines proposed by the Federal Reserve Board in advance of their planned effec-tive date in 1992. Total assets averaged \$2.4m in the second quarter. Common equity, including the convertible preferred stock held by the Federal Deposit Insurance Corporation came to \$1.055bn, or \$26 per cent of as

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# INTERNATIONAL COMPANIES AND FINANCE

# Siemens speeds up motor side

Andrew Fisher on the West German group's focus on automobiles

Ever since Siemens elbowed its West Germany and Nippon way into the fast-growing mar-ket for automobile electronics at the start of the 1980s, it has been seeking to increase its

worldwide exposure and accelerate its sales.

Through its deal with Allied-Signal of the US, the West German electrical and electronics group believes it has found a way of doing just

After seven months of talks, Siemens has agreed to pay between \$200m and \$800m for a majority share in Bendix Elec-tronics Group, a Detroit subsid-iary of Allied-Signal, thus vir-tually doubling the size of its business in the automotive sector and pushing into new mar-kets in the Americas and the

At present, Siemens puts the international market in electronic components and systems for cars and trucks at about DM9bn (\$5bn). It expects this nearly to double in the next five years. In Germany itself, the motor industry is set to spend some DM1.5bn this year on electronic components alone, a third more than three

years ago. Siemens' own sales in the sector have grown by at least 20 per cent a year to around DM800m, a rate of expansion which Mr Karlheinz Kaske, the chairman, expects to continue. The addition of the Bendix lectronics turnover of around DM700m - the agreement was announced late last week -

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Denso, a Japanese company in which Bosch has a minority

Compared with Siemens' total sales, which will approach DM60bn in 1988, the automotive electronics side is still small. The combined Siemens and Bendix turnover of some DML5bn is also way below that of Bosch, which last year achieved nearly DM14hn of its turnover in automotive equipment; of this, some DM6bn consisted of electronic systems, though actual electronics accounted for only a third of this.

It is not just the electronic components that make up the business. The real value lies in the systems themselves, in the way electronic parts are linked to make driving smoother, safer and more fun through efficient engine management devices, improved suspension, better braking, airbags to reduce accident injuries, sharper instrument panel dis-plays, and clearer sounding in-car entertainment.

"The link with Bendix will lead to new synergies and syn-chronisation," said Mr Joachim Rupprecht, head of planning and technology at Siemens' automobile electronics divi-

For German-based automotive suppliers such as Bosch, Siemens, AEG (part of Daim-ler-Benz), Alfred Teves (owned by ITT of the US), and VDO, announced late last week - will produce an operation third in the world to Robert Bosch of son for their success.



Karlheinz Kaske: expects on to continue

Upmarket models such as the Mercedes cars of Daimler and the BMW range, especially the new 5-series and 7-series, have a high electronics content. Siemens, for instance, makes infra-red locking devices for the BMW 5 models and four-wheel drive systems for Daimler.

for Daimler.
So far, the bulk of Siemens electronic systems sales to the motor industry has been within Germany. The purchase of control of the Bendix unit. which will keep its US management, will give it access to the US, Canada, Brazil, Italy, France, and Asia.

Bendix has moved strongly into South Korea, which has built up a sizeable and exportorientated car industry. Last year, it signed a co-operation deal with Daesung to make electronic controls and systems for the Korean and foreign

markets. Because of the fast pace and high cost of development and the variety of applications, cooperation agreements are common in automobile electronics. Yesterday, Bosch announced se of 15 per cent of Akebono, a Japanese company in which Nissan and Toyota have similar holdings. The German company has been working on anti-lock braking systems (ABS) for commercial vehicles with Akebono.

It was Bosch which pio-neered ABS, introducing it in 1978 on upmarket Mercedes and BMWs, while a Teves ABS system was the first to be introduced on a series basis in the Scorpio model at the top of the Ford range in Germany. Siemens' own co-operation partners include a European subsidiary of Rockwell Interna-tional of the US.

Companies in motor eleccompanies in motor elec-tronics hope for growth in sev-eral ways. Firstly, the increas-ing number and sophistication of applications should provide scope for sales of ever more

Secondly, the greater use of electronically-based equipment in cheaper cars and in trucks is expected to widen the mar-

Thirdly, business is likely to expand beyond the wealthy markets of Western Europe, Japan, and North America. In a few years, reckons Mr Rup-precht, the average electronic system content of a car should double to around 16 per cent of

# SCA buys Italcarta as part of expansion plan

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Interest account to 17th October, 1968 will be paid in the normal manner against presentation of Coupon No. 10, on or after that date.

Lloyds Merchant Bank Limited.

By Sara Webb in Stockholm

SCA, the big Swedish forest products group, has agreed to and showed "a good profit" last buy Italcarta, Italy's largest year, although SCA would not corrugated board and recycled reveal the exact figure. paper products manufacturer, for about SKr500m (\$78.7m).

The deal considerably strengthens SCA's position in the Italian market and is part of the group's strategy to build forceful position within the

European Community.
The addition of Italcarta will almost double the size of SCA's wholly-owned packaging operations, which last year had sales of SKrl.3hn and profits of

It means that SCA will con-sume more of the linerboard it produces in-house, thereby reducing the amount which has to be sold on the open mar-ket and therefore protecting it against a drop in demand for

linerboard. litalcarta, which was owned

Principal Paying Agent

has sales of around SKr1.2bn

It has plants in Lucca, near Florence, and produces 250,000 tons of corrugated board and 270,000 tons of recycled paper products such as testliner used on the surface of cardboard

SCA produces kraftliner, the higher quality form of linerboard, but has not produced testliner before.

Italcarta is the second largest supplier of recycled paper raw materials to the European corrugated board industry.

A large proportion of the recycled paper products is used for corrugated board production by the company, and most of this board is sold in Raly. Italcarts claims to have 15 per cent of the corrugated board by the Renato Giomi family, market in Italy.

# **Row flares over French** core shareholder pacts

THE POLITICAL row over the control of recently privatised French industrial and financial groups gathered steam yester-day with the disclosure of a secret pact between the large shareholders of Compagnie Générale d'Electricité (CGE), the French telecommunications, engineering and media

CGE confirmed yesterday the pact between six friendly shareholders, controlling between them about 15 per cent of the group's capital, but claimed there was nothing illegal about the agreement.

The six shareholders include

Société Générale, the priva-tised French commercial bank, Compagnie Générale des Eaux, Dumez, Swiss Bank Corpora-tion, Société Générale de Belgi-que and DAP, the leading French state insurance group. The secret agreement was

signed a few months after the privatisation of CGE in 1987 and was designed to give pre-emptive purchase rights to the six large shareholders if one of the shareholders decided to sell The pact also appears to have been part of CGE's efforts to consolidate the structure of its capital in the hands of friendly hard-core sharehold-

However, the new Socialist Government is now seeking to break up these hard cores set up by the previous rightwing government of Mr Jacques Chirac. The Socialists have repeatedly accused Mr Chirac's RPR neo-Gaullist party of trying to wrest control of the privatised groups by placing its friends at the head or as core shareholders of these groups.

The Socialist Government is already reported to be plan-ning to replace Mr Jean Dromer, the chairman of UAP appointed by the former conservative government,

The latest disclosures over CGE's shareholders' pact sug-gest that a politically inspired offensive is being launched to break up the current core shareholding structure of the group and eventually replace Mr Pierre Suard, the CGE chairman.

# Santander profits ahead

By Peter Bruce in Madrid

BANCO SANTANDER, one of Spain's higgest private banking groups, said yesterday it had increased its consolidated group pre-tax profits 37.1 per cent to Pta28.016bn (\$228.4m) in the first half of this year.

The parent bank itself had scored a 42.3 per cent improve-ment in pre-tax profits for the first six months to Ptal2.6bn. The profit rises, though sharp, are in line with results being reported by most Spanish banks this year.

The group also showed a small increase in profitability over the first half of last year,

per cent of total assets against 1.06 per cent last year. Banco Santander, which has the highest market capitalisa-tion of the Spanish banks, has declined to seek local banking partners to strengthen itself shead of the deregulation of European Community finan-cial markets in 1992.

Instead, it has embarked on a series of modest acquisitions in Europe, buying small banks in West Germany and Belgium and has begun, with Warburgs of the UK, a fund management

operation in Spain.
It is also trying to buy into an Italian bank, Istituto Banca-

# Ifil moves into hotel business

By Alan Friedman

In Milan

IFIL, one of the key holding companies of the Agnelli family, yesterday announced a move into the hotel business. iffil is to form a 50-50 joint company with Accor, the French hotels and catering concern. The new company, which is being formed with the help of Lazard Frères of Paris,

in Italy. Ifil said in Turin yesterday it could not disclose the size of the investment. It was a diver-sification for Ifil, which has 9.7 per cent of Fiat.

plans to develop a chain of three star and four star hotels

Manufacturers Hanover Corporation U.S. \$100,000,000 Floating Rate Subordinated

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In accordance with the provisions of the Notes, notice is bessely given that the Notes will garry an interest rare of 896% per annum for the period 15th July, 1988 to 17th Cerober, 1988, with a coupon amount of U.S. \$220.31 for the U.S. \$10,000 denomination and U.S. \$5,507.81 for the U.S. \$250,000 denomination and will be payable on 17th October, 1988 against surrender of Coupon No. 13.

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15th July, 1988

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For the three months 19th July 1988 to 18th October 1988 the Note will carry an Interest Rate of 8% per cent per annum with a Coupon amount of USS220.42 per US\$10.000. Interest payment date 19th October 1988.

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# Hill Samuel **Base Rate**

Hill Samuel & Co. Limited announce that

with effect from close of business

on 19th July 1988, their Base Rate

for lending will be increased from

10.0 per cent to 10.5 per cent. per annum.



Hill Samuel & Co. Limited 100 Wood Street, London EC2P 2AL Telephone: 01-628 8011.

# LVMH

# MOËT HENNESSY . LOUIS VUITTON

LVMH, which is linked through distribution agreements in the wines and spirits sector with the British group Guinness since June 1987, will soon take an interest of approximately 10% in the share capital of this group.

This interest will be acquired, prior to 31st August 1988, through an issue for cash to LVMH of 90,826,593 ordinary shares of Guinness at a price of £ 4.30 per these. The Page of Cuinness at a price of £ 4.30 per these. share. The Board of Guinness will convene a shareholders' meeting in order to approve this share issue.

This shareholding of interest will consolidate the commercial links already existing between the two groups and will provide them with the stability that is necessary to their development. This participation was approved unanimously by the Board of Directors of LVMH at its meeting on July 8, 1988.

The LVMH Board has been informed that Financière Agache and Guinness entered into an agreement in order to create a joint company, owned 60% by Financière Agache, which will hold their interests in LVMH. Their joint interest represents approximately 24% of the fully diluted share capital of

The LVMH Board, which has been assured by its new shareholder that the integrity of the group will be preserved, appreciates the existing and potential economic and commercial complementarities between the LVMH, Financière Agache and Guinness groups.

The LVMH Board unanimously welcomes the entry of this new partner which will strengthen the shareholding structure, thus providing a stable ground for future development.

٠,

# HILL SAMUEL GROUP ple

(Incorporated with Emited liability in England under the Companies Acis 1908 to 1917) US\$100,000,000 Floating Rate Notes due 2016

In accordance with the provisions of the Notes, notice is hereby given that for the interest Period from 19th July, 1988 to 19th January, 1989 the Notes will carry a Rate of interest of 9%% per annum and that the interest payable on the relevant Interest Payment Date, 19th January, 1989 will amount to USSA66.39 per USS10.000 Note and USS11.659.72 per USS250,000 Note.

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# INTERNATIONAL COMPANIES AND FINANCE

# S African gold in melting pot

Kenneth Gooding on a sector threatened by US disinvestment

any analysts are becoming increas-ingly gloomy about the prospects for South African gold mining shares. The immediate concern surrounds the possibility that US citizens will be forced to sell all their shares in South African companies. but in any case the industry is going through one of the most difficult periods in its long his-W.I. Carr, the London stock-

broker, says unequivocally: "The South African industry is teetering on the edge of crisis, desperately lacking the sup-port which could be provided by a major rise in the US dollar gold price or a collapse in the

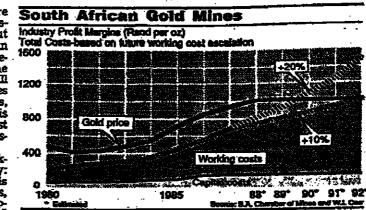
"Furthermore, the threat of further US disinvestment has made South African gold shares unacceptable to the international investor."

About 25 per cent of the South African gold mining shares in issue, worth about \$2.5 m, are in the hands of US citizens, Carr points out in its latest review of the gold market

"The potential weight of US disinvestment would cause major and irreparable damage to the sector and the spectre of such developments alone is likely to cast a cloud over share prices for some time to come, say Carr's analysts, Mr Graham Roberts and Mr Wik-

Their concern has been triggered by the so-called Dellums proposals (after Mr Ron Dellums, the sponsoring Congress-man) which have been wend-ing their laborious way through the US legislative sys-tem. These call for mandatory disinvestment for all US corporations and individuals with interests in South Africa.

The Carr team points out: The chances of (the Bill) passing the Senate wihout amendats is negligible but investors should not be complement



that many companies in which

US citizens have comparatively high percentage shareholdings might be considered spacula-

tive investments. US individuals concentrate mainly on the

marginal and shorter-life gold

Ribn: De Beers (R1.75bn), Vaal Reefs (R1.53bn), Driefontein (R1.15bn) and Kloof (R1.05bn).

Looking to the longer term. W.I. Carr's analysts predict there will be a fundamental

ems to be heading for disas-

tion jumped by 22 per cent over the same period in 1987. "Taking last year's industry

average working costs and inflating by 15 per cent a year, while holding capital expendi-

ture constant and assuming a

flat R1,000 per ounce gold price, the industry goes broke

However, David Borkum points to four major companies in each of which US citizens have holdings worth more than

is so strong that tougher mea-sures seem inevitable, if not this year, then next."

At Shearson Lehman Hutton

the mechanism was designed for," says David Borkum.

Both Shearson and David
Borkum comment on the fact

At Shearson Lemman nutuon
Mr John Phizackerley suggests: "A scenario of forced US
disinvestment does not conjure
up a pretty picture. A collapse
in dollar prices would be inevitable."

On the other hand, he says, the equity would have to go somewhere and "many South African holding companies have benefited from picking up disinvestments at bargain

Foreign ownership (not just US) in South African mining shares (not just gold mining) has fallen from 34 per cent of total issued capital in 1982 to about 24 per cent in 1987, of which about half is in US hands.

An analysis by David Borkum Hare, the Johannes-burg stockbroker, shows US citizens are holders of about 14 per cent of all the issued South African mining shares, a total which includes American depositary receipts which might be owned by non-Americans. Their value is nearly R14.8bn, or \$4.1bn at the finan-

cial rand rate.

Any "fire sale" of these holdings would only be possible at a much lower figure because of a probable fall in the financial rand - "which is after all what

DOLD MINES Top 10 US holdings

(End 1967) Blyvoorultzicht Grootvie Durban Deep

in 1991," say the Carr analysts While approach, this exercise demonstrates the tenuous nature of the industry's future."

In the circumstances, it is not surprising that the Johan-nesbury Gold Mines Share Index is languishing around the same low level to which it plummeted after Black Mon-day. But not every analyst is advocating that shareholders should sell.

"You can understand why people would avoid buying South African gold shares, says Mr Dennis Spector, analyst with Williams de Broe in London. "But if you pick and choose carefully, there are a few good companies which will perform as well as any gold stock anywhere in the world."

restructuring of the South Afri-can gold mining industry in the latter part of this decade because otherwise the industry Shearson's Mr Phizackeriey also points out that the US dis-investment legislation will not necessarily become law. "With During the first quarter of this year, for example, nine of South Africa's 27 gold mines operated at a loss. The indus-try's average cost of producthis in mind we cannot advise large-scale selling of South African gold shares at this

stage, especially as the market has fallen so far this year. "However, investors would do well to monitor closely the progress of the Dellums bill and indeed the fortunes of Michael Dukakis, since should he succeed to the US Presidency - to use an American-ism - it could mean a whole new ball game."

# Rand Mines optimistic on skilled labour

RAND MINES GOLD QUARTERLIES

13.84

11.07

(13.73) (18.98) 1.55

30.6

27.3

By Jim Jones in Johannesburg

PRODUCTION CONSTRAINTS caused by shortages of skilled labour should soon disappear now that the South African Government has lifted the legal colour bar on the country's mines, according to Mr Clive Knobbs, chairman of

Commenting on the June quarter's results of Harmony, quarter's results of Harmony, the largest of four producing gold mines managed by the group, he said yesterday that skill shortages should "soon be a thing of the past" and called ment of the advisory commit-tees which decide on qualifications needed by black miners

shortages and a drop in the mine's average gold recovery grade, Harmony increased its and lifted gold production. As a result unit working costs dropped and the mine returned

entering jobs previously to an operating profit.

Despite these skilled labour veteran mine to the west of

Johannesburg, was the only one of Rand Mines producers to increase unit costs. The East Rand Proprietary Mines (ERPM), increased their ore processing rates and reduced

increase became possible with the temporary use of a new sub-vertical ventilation shaft for hoisiting men and materials. The associated sub-vertical hoisting shaft will be commis-sioned towards the end of the year, Mr Knobbs added, leading to further increases in ore production. Blyvooruitzicht continues to supplement ore from its fast-di-

new shaft, generated operating losses but should soon be prof-itable, Mr Knobbs said. The-

June quarter's production

reserves with lower-grade ore from the Main reef. The result was a further drop in the the unit cost of mining and mine's average gold recovery milling each ton of ore.

ERPM, which is developing a from the March quarter's 4.91

# Sharp fall for Minolta Camera

MINOLTA CAMERA, the Japanese photographic group, suffered a slide of more than two-thirds in consolidated net profits for its March year, to Y2.56bn (\$18.9m) from Y7.28bn, and expects a recovery only to the Y3.2bn level this year, writes Our Financial Staff.

It launched an updated auto-

focus single lens reflex camera last May but its previous leadership of the sector was eroded by Canon and Nikon.

Sales overall dipped 5.7 per cent to Y291.1bn, and at the pre-tax stage Minolta incurred a Y310m loss against profits of Y10.44bn. It forecasts Y6bn earnings in the current year.

# Bond increases stake in Bell

MR ALAN BOND is believed to control more than a third of Bell Group, the flagship com-pany of Mr Robert Holmes à Court, his fellow Perth entre-preneur, after a further market spree, writes Our Financial

His Bond Corporation Holdings, which is bidding A\$2.70 a accepting the higher bid.

share for Bell, said that by the weekend it controlled 24.4 per cent. Roughly another 10 per cent of Bell equity changed hands yesterday as its price added 6 cents to A\$2.62. Australian securities regula-

tors argue that their sanction. for the purchases allows ven-

# **bank leumi (uk)**pkc

**Base Rate** 

Bank Leumi (UK) plc announces that with effect from Tuesday 19th July 1988 its base rate for lending is increased from 10 per cent per annum to 10½ per cent per annum.

bank leumi בנק לאומי 餓



INVESTORS IN INDUSTRY GROUP PLC.

£75,000,000 Floating Rate Notes 1994
For the three month period 15th July, 1988 to 17th October, 1988.

In accordance with the provisions of the Notes, notice is bereby given that the rate of interest has been fixed at 10½6 per cent. per annum and that the interest payable on the relevant interest payment date, 17th October, 1988, against Coupon No. 16 will be £1,372.44 from Notes of £50,000 nominal and £137.24 from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd. (Agent Bank)



# Hudson's Bay Company

U.S. \$50,000,000 FLOATING RATE NOTES DUE JULY 1989

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six month period (184 days) from 19th July, 1988 to 19th January, 1989 has been fixed at 8.75% per annum. Interest payment date will be 19th January, 1989.
Payment which will amount to US\$4,672.22 per
US\$100,000 Note, and US\$44,722.22 per
US\$1,000,000 Note will be made against surrender



US \$600,000,000



# Banque Nationale de Paris

Partly Paid Registered Floating Rate Notes Due 1995

Aggregate Rate

1.445833% p.a.

Interest Period 18th July 1988 Interest Amount per 18th January 1989 U.S. \$250,000 Note due 18th January 1989

U.S. \$11,084.72 Credit Suisse First Boston Limited

8.425% p.a.

Agent Bank

## INTERNATIONAL CAPITAL MARKETS AND COMPANIES

# Fears of tighter monetary Banks at odds over North Korean deal policies dampen activity

FEARS OF further tightening of monetary policy in both West Germany and the US, compounded by a rise in UK base lending rates, made for a day of thin and nervous activity in the Eurobond market. Investor attention remained focused on the foreign exchange markets and no new

public issues were launched.
Activity was virtually confined to inter professional dealing and the fortunes of the dollar on the foreign exchanges set the fundamental tone.

In West Germany, bond prices opened up to half a point lower, depressed by the initial resilience of the dollar, still supported by favourable reaction to last Friday's US trade report. They extended these losses as money market rates firmed, making the possi-bility of a rise in today's secuinterest rate virtually inevita-ble. The rate currently stands at 3.75 per cent and dealers forecast a minimum 1/4 point hike to 4 per cent.

However, the Bundesbank is expected to announce a fixed rate tender as usual and dealers also expected the Bundes bank to add a generous amount of liquidity to the sys-tem to alleviate money market

FOREIGN stockbrokers are to

be allowed to increase their

equity stakes in Malaysian stockbroking firms to 49 per cent from the current level of

30 per cent, Dr Mahathir Moha-

mad, the Prime Minister of

"The world of securities

Malaysia, said yesterday.

l labor

2 12

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By Wong Sulong in Kuala Lumpur

lic paper rose to 6.50 per cent, its highest level so far this year. However, later in the day, as a wave of concerted central bank intervention brought the US dollar off its highs, selected Euromark bonds and some domestic issues recouped some earlier

#### INTERNATIONAL **BONDS**

losses although most still ended around a point down. Last week's DM400m 6 per cent seven-year issue for Nip-pon Telegraph & Telephone, which was bid at 98% late last week, dropped to a bid of 97% but later edged up to close at

Dealers are expecting a new federal government bond before the end of the month but were unsure of its precise timing. The European Invest-ment Bank also announced it is planning a new bond issue but that its timing would depend on conditions in the secondary market.

Bayerische Landesbank led a DM100m private placement for itself. The four year bond at 5% per cent is priced at par. Sterling denominated bond markets also opened easier in pressures.

The average yield on all pubanticipation of a rise in interest rates. When the Bank of

England signalled a % point rise in base rates to 10% per cent, the sixth such tightening move since early June, initial reaction was muted. Most dealers had expected a full one point rise to 11 per cent which they pointed out is already discounted by money market rates. However, some noted that the authorities could be awaiting June UK money sup-ply data due tomorrow before moving to raise rates further. Later on, as the increase lent some support to the pound on

the foreign exchanges, gilts and Eurosterling recovered somewhat to close broadly unchanged from Friday's final In Switzerland, bond prices drifted lower as Swiss banks continued to raise their money

market and customer time

deposit rates. The Japanese

convertible bond sector was also under some pressure. S.G. Warburg Soditic said it was raising the compons on the issue it brought late last week for Australian Consolidated Press Holdings. The issue is a joint private placement bond and loan package and the cou-pons were raised to 4% per cent and 5 per cent respec-

rounding the collapse of Pan-Electric Industries in late 1985

and the world market crash

Foreign brokers at the con-ference welcomed Dr Mahath-

ir's announcement of a higher

tively. The whole issue is expected to be for a final total around SFr100m, dependent on Malaysia raises broker limit emerged stronger and more resilient after the crisis sur-

> as agent. land Banking Group heading the trade lending syndicate -

tives, for the British bank, and

This is a story of a Morgan Polton, an older which signed the loan agree-controversial debt restructur- bespectacled figure, presenting ments, appears to have sufbespectacled figure, presenting a softer image for ANZ. By all accounts,negotiating ing with a country which for long has existed on the very edge of political and financial with the North Koreans is not the simplest of tasks. Coming from a heavily-centralised one perty state with little contact

acceptability: North Korea.

It is an issue over which feelings run high, and which has set bank against bank. The proposed deal, which envisages with the outside world, the North Koreans often show only the eventual waiving of 70 per cent of the \$900m of debt owed a limited understanding of by the state's foreign trade bank to outside bank creditors, has been described as repugnant and a dangerous prece-dent which has rewarded a

troublesome debtor for long-standing delinquency. On the other hand, it may produce the first income for the more than 150 banks in two syndicates of lenders since 1984, when the Koreans last made an interest payment, at the launch of a previous rescheduling agreement. The interest payment before that was made in 1979.

Lenders are split, the majority against the proposal citing the principle of opposition to debt forgiveness for a country they claim is able to meet its obligations, and the minority in favour, thankful for the chance of some return on loans on which they had given up hope and citing realpolitik.

The story starts in about 1972 when foreign bank credits to the country started building up as North Korea made one of its periodic attempts to open up to the outside world. Banks extended both trade-related credits, financing for the most part the importing of food, a significant part of it wheat from Australia, and project finance loans, on some of which the British merchant bank, Morgan Grenfell, acted

Eventually, the debts were consolidated into two syndicates. Australian and New Zeaaccounting for perhaps \$640m of the debts - and Morgan Grenfell the other.

Through the 1980s, these two banks have handled years of frustrating and ultimately fruitless talks. For much of that time two men handled the banks' negotiations, talking to the Koreans in Vienna, where they have representation, and making the occasional trip to the North Korean capital Pyongyang: Mr Richard Halcrow, an irascible individual whose language is peppered with exple-

ments, appears to have suf-fered in an internal power struggle in North Korea and has become virtually moribund. It has next to no assets outside the country.

Seldom has a restructuring created such acrimony, writes Stephen Fidler

According to the law firm, Allen and Overy, quoted in a Morgan Grenfell telex sent last month to lending banks: "The

bow ties. Described by one banker as an "imguided mis-sile", he is a man with the ear of one or more influential individuals in Pyongyang who, nonetheless, works in the true spirit of Thatcherite individual

Mr McAskill, who says his links in North Korea were made in an unspecified trade

The restructuring plan has set not in favour of the proposals, bank against bank. It has been which seemingly threaten to split variously decribed as repugnant the two sydicates. Yet for the and a dangerous precedent which banks involved, and there are has rewarded a troublesome more than 150 of them, the deal debtor for long standing delin- could well produce the first quency. The majority lenders are income since 1984.

international business and prospects of a claim under banking conventions. A ten-dency for their negotiators to seize on any hint of concession as a weakness, and a predelic-tion for backing out of agree-ments at the last minute have English law (against the Republic) presently appear However, it was felt there was a chance that claims against another North Korean

not endeared them to their bank, the Korea Daesong Bank - the "Gold Star Bank" - could be successful. As the opposite numbers.
Things came to a head last summer. After six months of Mooyok Bank's star has fallen, talks on yet another agreement for a conventional reschedulso the Gold Star rose until the latter was handling most of the ing,the Koreans pulled out, country's external economic offering no explanation. The banks threatened in July that relations. Apparently worried by the effects on its internathey would declare the debt in tional trade of the default declaration, the Daesong bank tel-exed Morgan Grenfell on September I, agreeing in prindefault,an extremely rare step against a sovereign borrower.

have encountered since 1982.

ering the two loan agree

- to seize North Korean assets. This possibility was one

the Koreans apparently took

seriously. Shipments of North Korean gold into London – the

country used to export about

two tonnes a month through

the London bullion market - ceased and still have not

advised of substantial prob-

lems in enforcing seizure of Korean assets. The foreign trade bank, or Mooyok Bank,

banks were

resumed. However,

ciple to take over after resched-uling the Mooyok Bank debt.

The talks began again, and once more they foundered. According to one version, which ANZ denies, at the Vienna talks between the two against a Latin American sides, ANZ indicated that more country for example, despite the payments difficulties they concessions might be forthcoming, a signal for the North Koreans to back-pedal vigorously on their September 1 promises. As the Koreans raised further The default was declared in August, clearing the way for action in both Swiss and objections, Halcrow terminated English courts - because these are the jurisdictions covthe talks. The North Korean position, he told reporters at

> Nevertheless, soon afterwards, Mr Halcrow appeared to have a change of heart. Without asking for ANZ's approval, he agreed that Mr Colin McAskill, who had acted as an intermediary with the Daesong Bank in previous talks, should intervene to try to get the Koreans hack to the negotiating

the time, was "so unreasonable

that it is impossible to

Mr McAskill, 47, is a resident of Kensington with a taste for deal he worked on something less than a decade ago, succeeded. It was in the subsequent talks early this year between Halcrow's team and the North Koreans that the extraordinary proposal emerged which has set bank

against bank.

The deal is this: a new loan of \$900m, with a formal North Korean government guarantee (unlike the Mooyok Bank debt), will be structured. The lenders then agree on a separate schedule of payments on the so-called settlement loan. This loan totals \$270m - 30 per cent of outstanding principal

# Morgan Grenfell

- on which a fixed interest rate of 8 per cent is payable with a final payment due on December 15, 1991.

If the Daesong keeps current on its repayment schedule for the full period, and only then, will the full \$900m will be deemed as settled. If the North Koreans do not keep to their settlement schedule, then the full amount of the loan will be due. This presents, say its supporters, a strong incentive for the North Koreans not to stop payments once they have started. A \$5m payment has been made on account and a \$10m payment was expected

late last week (July 15). When the proposal was first disclosed to the banks on June 1, the bank reaction was subdued. Only subsequently did the feathers start to fly. ANZ. citing the misgivings of banks

in its syndicate presented an alternative proposal, calling for a renewal of negotiations with the Koreans based on its suggestions that the deal could be renegotiated over 17 years. Grenfell did not formally present this proposal to the banks in its syndicate, bank officials saying privately that the ANZ action threatened to "crater

There have been mutterings about the substantial fees Morgan Grenfell, and presumably McAskill, would recoup if the deal went through and questions about whether the fact that ANZ would not share much of this was partly behind its ostensibly principled oppo-sition to the proposal. If the deal had gone through in full, the banks' fees would have totalled \$3.2m, and ANZ says its cut would have been a mere \$150,000. Having said that, neither lead bank has seen anything in fees for years.

By this time, two new bankers had taken over the North Korean case from Mr Morgan Polton at ANZ, Mr Rollo Pren-dergast and Mr Roger Thackeray. It was suggested their inexperience in dealing with the Koreans, or their lack of rescheduling fatigue, encouraged them to take up the cudgels for those banks against the deal.

There is a clear majority against the settlement now among the banks.

French banks have thrown their weight against the settle-ment, en masse, but their objection is not based on prin-ciple. Many have significant newer project related loans out to North Korea and a waiving of their older debt would probably mean they would have to write down the new on the bal-

Officials at ANZ argue that all this opposition should be enough to make Grenfell pull back, but Mr Halcrow and Mr McAskill are determined to go ahead. If the Koreans concur, and that should become clear in weeks, then the two syndicates will split. Morgan Grenfell will head the group which wishes to settle, while ANZ will embark on the weary task of extracting a deal from the Mooyok Bank.

Whatever the outcome, it seems unlikely that the North Koreans will make much headway for some years yet if their ambition is to put their financial relations with the West on a more normal footing.

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balisation. We cannot afford to

lag behind," Dr Mahathir told a

conference of Asian stock

exchanges in Kuala Lumpur. He added that it was the

Malaysian Government's inten-

comparable to those of

Dr Mahathir said the Kuala

tion to make its capital market

Closing prices on July 18
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Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (d) Essential imports; (g) Financial rate; (f) Exports; (D) Non commercial rate; (f) But (g) Buying rate; (i) Lucury 9006s; (m) Market rate; (d) Official rate; (p) Free rate; (n) parallel rate; (d) Selling rate; (l) Tourist rate; (d) Essential rate; (d) E

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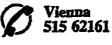
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# INTERNATIONAL COMPANY NEWS

# Young Turks take over the helm

Jim Bodgener in Ankara looks at the sweeping changes at a leading Turkish bank

XTRADITION proceedings have been taken out in Switzerland by Turkiye Emlak Bankasi (Konuthank), Turkey's third largest bank, against Mr Kemal Horzum, a Turkish businessman, for making off with \$50m of XTRADITION proceedfor making off with \$80m of loans allegedly contracted ille-

gally.
Mr Horzum was arrested recently and will return to Turkey to face a jail sentence if his lawyers cannot successfully appeal on the grounds that he is a political refugee.

The proceedings are an example of the aggressive attitude now taken towards had debtors by the new young management of Konuthank (literally, "housing bank"), formed through the merger of two state banks, Anadolu Bankasi and Emlak Kredi Bankasi, ear-

and Emlak Kredi Bankasi, earlier this year.

The short shrift given to
non-performing portfolios is
part of a wider programme by
Prime Minister Turgut Ozal's
Government to reform Turkey's creaking state banking
sector and its legacy of bad
debts from a profligate past.

In many aspects, Mr Horzum
himself is representative of the
bad, old ways. From origins as
a lowly bureaucrat, he became

a lowly bureaucrat, he became a small businessman in Ankara and formed useful connections with the old school of politicians and bureaucrats, relationships on which he

Then from 1983-1985 in a series of illegal transactions through promissory notes. letters of credit, and guarantee notes he transferred around \$80m of Emlak Kredi Bankasi's resources to a Swiss bank account, before the authorities latched on to him.

By then, however, the money had been flushed away into other accounts, although

senior Konutbank executives have nothing but praise for the Swiss authorities' co-operation in the investigation.

The branch manager and assistant manager of the branch involved in Ankara's Kizilay district have been charged in court with fraud and fraudulent misappropria-tion. Ex-general managers of Emlak Kredi Bankasi have been charged with negligence

during employment.

The state will go after these guys and get them," says Mr Engin Civan, Konutbank's executive vice-president. "The younger generation like our-selves is determined."

Mr Bulent Semiler, Konutbank's chairman and still in his early thirties, was one of the first of overseas-trained managers mainly in the US and dubbed the 'Young Turks'-to be appointed by Mr Ozal's reforming administration to bring about the required transformation in the

state banking sector.
"It's like a huge trans-Atlantic liner trying to change direc-tion," Mr Semiler said earlier this month.

He denied that the merger early this year of Anadolu Ban-kasi whose bad debts were legion in Turkish banking circles and the more profitable Emisk Kredi Bankasi was a rescue operation for the for-mer. In 1986, when Mr Semiler took over at Anadolu, there was a TL30bn (\$211m) net loss, but last year it made TL25.7bn in profits.

Accounts audited according to Turkish law by Price Water-house show the combined banks to have had assets totalling \$3.5bn at the end of 1987.
The combined banks' net income totalled \$91.2m, of which \$68.5m was accountable to Emlak Kredi Bankasi. Anadolu made loan loss provisions totalling \$16.3m, compared with \$1.85m by Emlak Kredi.

The merger was necessary as part of the restructuring of the state banking sector, said Mr Semiler, Anadolu used to be mainly a foreign exchange operation, whereas Emlak Kredi was mostly a mortgage bank. But the two were com-patible through their property

More mergers would follow among the 12 other state banks the optimum number being about four state banks in all at the end of the process, said Mr Semiler.
As part of the overhaul, Tur-

kiye Emiak Bankasi has hired post-merger management con-sultants McKinsey to prepare a new European corporate image. Then, in the autumn, Emlak may absorb more banks, said Mr Semiler. This would give Emlak the market profile it needs in international operations in view of the steadily depreciating Turkish

It would also mean Emlak shouldering their non-performing loans, he admitted. How-ever, in September the Government is expected to introduce legislation reversing advan-tages enjoyed at present by bad debtors in Turkish law. It will include jail sentences for per-

Part of the transformation for Konutbank will be a new, modern European image, said Mr Semiler. The first step has been the relaunch of its Paris

office early in July.

"We are looking to buy banks in Europe, period," said Mr Semiler at the relaunch. The bank has had a representa-tive office in Paris for around eight years, in a former guise as Anadolu Bankasi, one of the two banks merged.

"It was a shambles," says Mr Semiler. Rats everywhere, a bad neighbourhood. We have to look decent, and concentrate on a new business strategy.

The representative office is now rehoused at \$2 Boulevard. Haoussman, in Paris' central banking district.

Like other former Anadolu Like other former Anadout offices overseas, the Paris office's main activity used to be routinely progressing remittances by Turkish expatriate workers. Now the emphasis will shift to proper banking.

said Mr Semiler.
The representative office will be used as a bridgehead to study the French banking scene and start a dialogue with institutions like Coface, the French export credit agency. This will anable Tooking This will enable Turkiye Emlak Bankasi to decide how it needs to prepare for a single Europe in 1992.

From the Paris office, the bank will be able to select can-didates for equity investment or outright purchase it was already in the process of approaching candidates in France, the UK and Germany, said Mr Semiler.

Emlak had already made substantial progress in shifting the emphasis to foreign exchange transactions, its share of Turkey's forcign exchange market rising from 0.5 per cent to 2 per cent in the first six months of 1988.

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As part of its new overses As part of its new overseas drive, Emlak is also trying to establish a representative office in Tripoli, Libya, primarily to mediate between Libyan state banks and Turkish contractors. It would be the first foreign bank to be allowed to do so the Libyan authorities seemed to be favourable, said an Emlak official.

# Nissan to build second car model in US

NISSAN, the second largest Japanese automotive group, is planning to build a second car model in the US and is also considering building engines.

The car would be made at the company's existing assembly plant at Smyrna, Tennessee, Mr Kazutoshi Hagiwara,

pick-ups and a small car, the Sentra, but Mr Hagiwara said the company was planning to add a new lower-medium or upper-medium car.

Capacity at the Smyrna plant is rated at some 265,000 units a year, and Mr Hagtwara said this could be raised to around 300,000 vehicles before the commany would need to president of Nissan Motor in the US, said yesterday.

The plant currently builds a second plant.

Output runs at some 200,000 vehicles a year, of which around three-quarters are pick-ups, but Nissan plans to raise this to 240,000 in the 1988-89 model year. Local con-tent is at around 60 per cent and should rise to 70 per cent

Mr Hagiwara said that Nissan Research and Development was currently developing full

engineering capabilities in the US so that the company could "create and manufacture an all-American vehicle by 1992." He said that no decisions had been made on a type of vehicle

or on a production location.

Nissan's planned luxury car
franchise, Infiniti, is to be
launched in the US in the last quarter of 1989 through a new 75-strong dealer network Resistance in France, Page 1

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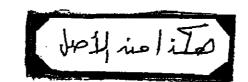
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company

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and Machinery. Based in

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For further details please contact the Joint Administrative Receiver, R G Ellis.

# **1** Touche Ross

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can be negotiated).
Offers invited around £300,000 & sav. Write Box H3658, Financial mes, 10 Cannon Street, London EC4P 4BY

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WHITELEYS W2 28 room B & B hotel opposite this exciting new concept. 25 doubles, 3 singles all with

Fac. din rm, kit, Freehold £1,450,000 SJN Properties Ltd, 01-221 6855

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- 50,000 sq ft and Land for development

Principals only

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most popular drinking and dilling venues on the Island of ALDERNEY
The property occupies a prime position in the town of St. Anne. Annual T/O £300,000 from

Alderney taxation similar to For further information apply Box H3625, Financial Times, 10

mon Street, London EC4P 4BY

# **SCOTTISH CHAIN OF PLUMBING AND HEATING**

**MERCHANTS** 

The Receiver has for sale as a going concern the business and assets of Sankey (Scotland) Limited. The company operates from leased premises in Edinburgh (Head Office), Glasgow, Aberdeen, Ayr and Perth. The company has a broad range of heating, plumbing, bathroom and kitchen equipment for direct supply to an established customer base. There are currently 53 employees and the annual turnover is in the range of £5m.

For further information and details contact:-Murdoch L McKillop or lain T Watters Arthur Andersen & Co. 18 Charlotte Square.

Edinburgh EH2 4DF Tel No. 031-225 4554 Fax No. 031-226 3948

Telex. 727994



#### **ENGINEERING MANUFACTURING AND DESIGN COMPANY**

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Fully equipped workshop with modern milling machines and lathes, all Computer Numerically Controlled. Recognised by leading aerospace companies, with its own A.Q.A.P. 1 and 13 approvals. 25 employees,

turnover £850,000. For further information, contact the joint receiver, Peter A. Hall, Grant Thornton, Chartered Accountants, on Southampton (0703) 221 231. Or write to 31 Carlton

Grant Thornton CHARTERED ACCOUNTANTS

Crescent, Southampton SO1 2EW



# Sawmill

Bury St. Edmunds, Suffolk The Administrator invites offers for the business, business assets and

The company operates from 9.37 acres of rented premises near Bury St. Edmunds, Suffolk.

The company employs approximately 15 people, producing an annual turnover potentially in excess of &2 million. For further details contact David Farren at Culford, Bury St. Edmunds,

Suffolk IP28 6UE, on 0284 848898 or the Administrator, Tim Harris, at Deloitte Haskins & Sells, P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX on 01-236 6500, Telex 894941,

Fax 01-248 3623.

goodwill of Culford Sawmills Limited.

Haskins + Sells

#### Measureskill Limited (In Receivership)

A retail pharmacist, operating from three outlets contained within a national retail chain, is offered for sale as a going concern. The outlets are located in Staines, Middx; Bracknell, Berks; and Redhill, Surrey. Current turnover approximately £45,000 per

The assets comorise:

Cork Gully

month.

Goodwill Stocks Fixtures & Fittings

J. M. Iredale Cork Gully Phoenix House Station Hill Reading RG1 1UN

For further information

Tel: (0734) 500336

#### Light Garment Manufacturers

Located in East Midlands, Opportu nity to purchase 100% equity in company with strong customer base. Net profits of approximately \$350,000 on annual turnover of £2m. All enquiries to: Brooks Mayfield & Co,

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Excellent dealerships and cliexcellent dealerships and cli-ent base, net profit £20k, property optional. Owner seeks lucrative offer to take early retirement.

OFFICE MACHINES **BUSINESS - TEESIDE.** 

Write Box H3637, Financial Times, 10 Cannon Street, London EC4P 4BY

Tony Ryan takes

a 5% holding in

Bank of Ireland

By Kleran Cooks, Dublin Correspondent

MR TONY RYAN, Tipperary farmer and chief executive of GPA Group, the world's largest aircraft leasing company based at Shannon in the Irish Republic, has been revealed as the mystery buyer of a large block of shares in Bank of Ireland, one of the Republic's two prime.

one of the Republic's two prin-

Mr Ryan announced yester-day that he had bought 5 per cent of the issued capital stock of Bank of Ireland, an invest-

ment of 1636m (£30.8m) based on current market prices.

Mr Ryan emphasised that the investment was made in a

cipal clearing banks.

#### **UK COMPANY NEWS**

# Smith & Wesson makes maiden contribution of \$16.1m

# Growth continues as acquisitions and organic expansion lift Tomkins to £47m

TOMKINS, UK industrial holding company, boosted pre-tax profits 56 per cent from £30.1m to £47.1m during the year to April 30 as organic growth continued and Smith & Wesson, US handgun maker, made its first annual contribu-

Mr Greg Hutchings, the chief executive who has drawn on his experience at Hanson to lead a five-year campaign to convert Tomkins from a sleepy nuts and bolts group into an acquisitive mini-conglomerate, said the total dividend was being increased by 50 per cent to reflect an expected further improvement during the cur-rent 12 months.

The outcome was achieved on turnover 51 per cent higher at £312.3m, while earnings per share advanced 44 per cent from 15.32p to 22.01p. The recommended final dividend is increased from 2p to 3.15p, lifting the total from 3p to 4.5p.

The directors expect current year turnover to exceed £600m as results from Murray Ohio Manufacturing enter the accounts, and existing operations expand. Murray, Tennessee-based manufacturer of lawmowers and bicycles, last month accepted a \$224m (£135m) takeover bid from

The funding of the takeover will erase Tomkins'£70m cash reserve and give it a gearing of 12 per cent. Directors said they

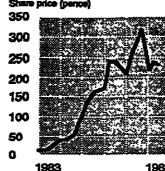
expect to return quickly to a positive position.

Smith & Wesson, acquired in May last year for \$112.5m, was included in the accounts for ten and a half months and made an annualised contribution of \$150.5m. tion of \$16.1m. The Smith & Wesson management has been changed substantially while Tomkins has invested "considerable"

sums in boosting production and quality to lift its share of

Greg Hutchings: company's worth is under-rated.

the US handgun market. Tomkins, for the first time, disclosed annual figures on organic profit growth. Taking out contributions from Smith & Wesson and Beaver Equipment, a manufacturer of cylinder grass cutting machinery Tomkins



acquired in October last year, pre-tax profits rose 24 per cent.
The decision to release organic growth figures was due in part to sensitivity about crit-icism of the company's ability to generate growth without acquisition. Mr Hutchings said

that he considered that the stockmarket was still underrating the company's worth. The shares closed yesterday 3p down at 239p.
With the inclusion of Smith Queensway

horse for

Sir Phil if

Gulliver's

By Maggie Urry

goes through.

bid succeeds

SIR PHIL HARRIS WILL have

the right to buy a horse from

Harris Queensway, the furni-ture and carpet retailer which he heads, if the agreed £450m

offer for the group from Lowndes, a new company chaired by Mr James Gulliver,

The horse, called Queensway Countryman, is leased to Sir Phil's friend, Mr David

Broome, the showjumper, and is expected to compete in the Olympic Games this autumn. It will continue to carry the Queensway name for the rest of its jumping life.

According to Lowndes' offer

document, posted to share-holders yesterday, Sir Phil will pay the market value for the horse. He will also be able to

buy his company car at its cost to the company; to employ Mr Gordon Caldwell, Harris

Queensway's finance control-ler, and up to three secretaries

from Harris Queensway; and to negotiate terms to occupy space at the head office. Two of his boardroom col-

leagues, Mr Tony Shanagher, finance director, and Mr King-sley Elion, assistant managing

director furniture, will receive payments of £150,000 and £85,000 respectively. Each will be able to bay his company car

2250,000 each year, plus an additional fee from Lowndes, in return for Mr Gulliver's ser-vices for at least half his time

vices for at least half his time for the first two years and 30 per cent of his time thereafter.

Mr Eddie Dayan, who will become group managing director of Lowndes if the bid succeeds, will be paid £250,000 a year, plus a bonus, and will have a three-year contract.

In the offer document Mr Guiliver says he is confident that Harris Oneensway "can

that Harris Queensway "can be transformed again into an exciting and dynamic retailer".

Sir Phil is leaving to head

Sir Phil is leaving to head Questvast, a new company, which will buy Harris Queensway's 75 per cent stake in Harveys, a soft furnishings retailer, conditional on the hid going through. The price is £19m. Harveys' net assets are worth 23.9m and it made a trading profit of £489,000 in the 38 weeks to Jamuary 25. Sengrately. Harris Ones.

Separately, Harris Queen

sway announced the resigna-

tion of Mr Kelth Beattie, per-

sonnel director. He will

receive a compensation pay-

ment of an undisclosed

Parkfield purchase

Parkfield Group, the fast-growing mini-conglomer-ate, has augmented its already significant interest in the

wheel industry by paying £3.9m in cash for GKI Interna-

£3.9m in cash for GRI Interna-tional's wheel manufacturing subsidiary, Steel Stampings. Steel Stampings has about 10 per cent of the European truck and trailer wheel mar-ket, and about 20 per cent of the world off-highway vehicle wheel market. Last year, it woodneed are tax profits of

produced pre-tax profits of £690,000 on turnever of £19.4m. At March 31, it had

& Wesson, the professional and consumer products division boosted its trading profit from £3.3m to £11.9m on turnover up from £22.9m to £91.6m.

This division is set to expand further during the current year with the inclusion of Murray Ohio Manufacturing.

The building products sector, created largely through the highly contested takeover of

Pegler-Hattersley in 1986, lifted trading profits from £9.3m to file.5m after a 23 per cent increase in turnover to £72.6m.

The other major sector, the services to industry division, returned a 29 per cent rise in trading profits to £8.9m on a 20 per cent increase.

per cent improvement in turn-over to £111.5m.

# **DTI** clears Shield of insider dealing

By David Waller

No insider dealing prosecutions will arise out of the Department of Trade and Industry's investigation into the Shield Group, the small residential property developer said yesterday.

Shield's statement ended months of uncertainty for investors in the Hampstead-based company which owns Stickley & Kent, North London estate agents.

The company said it was ready to turn its back on the episode, but took the opportunity to complain that the investigation "had a dispro-portionate effect on the group's relationship with hareholders, share price and dealings with the press and

In February this year the DTI took the unusual step of disclosing that inspectors had been appointed last November to investigate possible contraventions of the Company Security (Insider Dealing) Act 1985.

The DTI said then that the dealings in the shares of Shield between December 1 1986, and March 20 1987. On the latter date Mr Gerald Ronson's Heron Corporation had agreed to inject £10m into the group via the establishment of a joint residential property venture called Heron Shield.

Shield's shares had been trading at 160p in early March, rising to 240p before the announcement of the Heron involvement, which prompted a further 25p rise to 265p. Later in the month they surged to a peak of 380p before falling back sharply in the Crash. News of the investiga-tion pushed them down 10p to 95p; yesterday, they edged up

The DTI never disclosed the precise parameters of its inves-tigation. Shield yesterday repeated its earlier assertion that none of its directors had been involved in insider deal-

"It is hoped that shareholders will benefit from the resto-ration of the Group's credibil-ity," the statement continued. "Whilst the inquiry related to share dealings in the company's shares and not to any dealings or transactions by the company itself, there was an innuendo which carried over wrongly to the Board."

Yesterday's statement from Shield was sanctioned by the DTI, which said yesterday that it is investigating 15 other inside dealing cases, only three of which have been made

A SECOND water authority

has bought shares in statutory

water companies working

Yesterday's announcement by Southern Water raises the

possibility of public authorities building stakes in the 29 com-

panies to counter the influence

of private-sector investors,

within its region.

# Atlantic Computer halted on bid talks

By Philip Coggan

ATLANTIC COMPUTER, the last independent quoted computer leasing company in the UK, said yesterday that it was in the advanced stage of discussions which might lead to an agreed bid for its equity.

Its shares were suspended yesterday at 364p, valuing the group at £317m. An announcement is expected today on the terms of the offer, which some analysts expect could value the group at as much as £5 per

GEC owns 40 per cent of Atlantic's finance and property subsidiary, Summit and some analysts were speculating yes-terday that GEC could be the bidder. However, GEC had no comment on the rumours.

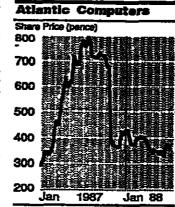
were five quoted companies in the UK computer leasing sector - Atlantic, Comcap, Dataserv, IBL and United Leasing. But a series of poor results sapped confidence in the sector and focused attention on the industry's accounting practices. The City became concerned that companies were being over-optimistic about how much resid-ual value their computers would have when the leases

Just two years ago, there

As confidence in the sector declined, it became more and more difficult for leasing companies to raise finance. Rationalisation of the sector became inevitable. In a wave of takeovers, Dataserv was acquired by Bell South, US telecommuUnited Leasing by the Swiss group Inspectorate; and Com-cap was bought by Atlantic itself last year.

unblemished record of profits growth since it joined the stock market in 1983. However, its last annual results, showing a 37 per cent jump in pre-tax profits to £38.2m, disappointed the market and analysts marked down their forecasts for this year's profits from 250m to 245m. The shares have also been depressed since the death of Mr John Foulston, the group's founder, in a motor racing accident last September.

●USF & G Corporation, US



Megaleasing, unquoted UK computer leasing company See Lex

# Dee sells Spanish grocer for £30m

DEE CORPORATION, grocery group which includes the Gate-way supermarket chain, is sell-ing DIGSA, its Spanish subsidiary, to Ashley Industrial Trust for a net £30m in cash. Mr Tony Butler, previously

director for planning and business development at Dee and also chairman of DIGSA has resigned from the Dee board to become chief executive of Ashley, at present a near-shell Also joining the board in a

non-executive capacity is Mr James White, chairman of DIGSA

Giminez y Compania SA - has about 150 retail food stores, some 10 cash and carry branches and a delivered trade business to some 450 franchised shops and independent retailers in the Aragon, Catalonia and Madrid regions. It became part of the Dee group in the late-seventies, and in 1986/7 made trading profits of £3.3m on sales of £131m.

Dee, however, had already made clear that it was seeking to sell DIGSA. When it announced the disposal of the Linfood cash and carry business to Booker earlier this month, it reaffirmed that negotiations were underway over the Spanish operations.

Yesterday, Mr Alec Monk, chairman and chief execu-tive, said that Ashley's offer had been the best one in - Distribuciones shape and speed and also the highest. The £30m sale price was seen

by analysts as good for Dee. The market, however, was well aware of the transaction and yesterday Dee shares were steady at 184p.
Mr Butler declined to spell out the future strategy for Ash-

ley except to say that further board appointments and acqui-He stressed that funding, comprising debt and equity, for the DIGSA deal was in place. He added that he had wanted

to leave Dee for about two Ashley has been headed since April by Mr Robert Newman, who previously helped turn "The Times" Veneer, wood products company, also little more than a shell, into

in cash, a small but profitable plywood subsidiary, and a battery business. The last is likely to be sold to manage-

Mr Newman has resigned from the board and Dunster Investments, which gave him and certain family trusts a 29.9 Ashley, has reduced its stake by about one-third, selling shares to the incoming direc-

It may reduce further under the financing package. Mr But-ler now owns 20 per cent of the equity and Mr White, 5 per cent. "I shall be looking for a new vehicle," suggested Mr Newman yesterday. Ashley shares were suspended at 91p earlier this

# Optim makes debut on USM valued at £7.2m

DEALINGS START today in

shares of Optim Group, the computer systems supplier, which has joined the USM via a placing valuing it at £7.15m.
Optim's services are termed in the industry "turnkey", which means it takes full responsibility for installation of hardware, design and implementation of software, training and maintenance. Its 1,500 customers comprise hoteliers, retailers, and local authorities. Continental Securities (UK) has placed 4m shares at 60p each, representing 34 per cent of the enlarged capital. No shares have been sold by existing shareholders.

Optim has forecast pre-tax profits of not less than £500,000 on turnover of about £10m for the year to October 31. In its last financial year it made 2342,000 pre-tax on £7.86m turn-

The present management headed by ex-American foot-baller Mr Michael Brennan, was brought in after the com-pany fell into loss to the tune of £1.83m in 1984. Since then, Optim has moved out of the general purpose computer mar-ket, and made six acquisitions.

**BET** acquisition BET, acquisitive international

support services group, has paid £10m for Pritchard Secu-rity, UK staffed-security guarding operation of ADT — for-merly Hawley Group. The cost will be settled by the issue of

4.3m fully-paid shares.
Mr Nicholas Wills, chief-executive, said the purchase put BET into the top ten security guarding operations in the UK and took them into the top five in security as a whole.

Southern Water unveils statutory company stakes

# Sonic Tape joins Third Market and raises £0.6m

SONIC TAPE, the sound measuring systems company which last year produced its first profit since 1982, has joined the Third Market. At the same time it has raised 2563,697 by means of a rights issue to enable it to buy Systems Connections, an inket printer distributor. In the first day of Third Mar-

ket dealings yesterday, Sonic Tape's shares fell to a 1½p dis-count to the 15p rights issue price. The fall was attributed to selling pressure from exist-ing investors. The company had joined the now virtually defunct over-the-counter mar-

Sonic Tape's present management was introduced in August 1986 after its total loss for the previous four years had reached £2.19m. It is forecasting a £110,000 pre-tax profit for the year to the end of this

arranged the Third Market introduction.

TT leaps to £1m

TT Group, formerly Tyzack Turner, increased pre-tax prof-its to £1.03m (£355,000) in the six months to July 2 Turnover

rose to £7.8m from £7.04m. A higher tax charge of £264,000 (£4,000) limited the advance in earnings per share to 47 per cent, from 5.9p to 8.7p. The interim dividend is doubled to 2p.

# Ashley now has about £2m

The 3.78m shares being issued by way of a one-for-four rights issue represent 20 per cent of the enlarged share capital. About 68 per cent of them will be used to acquire Systems

month, having achieved a £5,000 profit on £619,000 turn-over last time.

net assets of £2.1m. Stockbroker Robert Wigram Carless expands

Carless, Capel & Leonard, cash-rich independent oil company, has expanded its downstream activities by buying Pentagon Chemicals, private chemical producer, for £10m.

The acquisition — the group's largest this year — will comprise £8.6m cash and will comprise £8.6m cash and the issue of 1.21m fully paid shares. Carless has been shares. Carless has been awash with cash since the disposal in April of its minority stake in Calor's oil and gas

subsidiary, Century Power & Light, yielded £52m.

nomes concern

request of the Takeover Panel The statements had been made in a recent bid circular to shareholders of CASE, the UK data communications company for which Gandalf is hidding

Three of the clarifications involved printing entire para-graphs - rather than selected

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	for	Total last year
London Secsfin	0.5	Oct 3	<del>-</del>	0.5	
Torokinafin		· _ <del>-</del>	2	4.5	3
TT Groupint	2	Oct 11	1	•	4
Dividends shown pence	per shar	e net exce	Of Whore	otherwie	<del></del>

rights and/or acquisition issues. SUSM stock. SSUnquoted stock. Third

## **BOARD MEETINGS**

The following companies have notified debe-of board meetings to the Stock Exchange. Such meetings are usually held for the pur-pose of considering dividends. Official indica-tions are not available as to whether the dividends are interins or finals and the sub-divisions abown below are based mainly on last yeer's timelables. TODAY Interiors-Bensoos Crisps, Widney. Finate-Adecene, AMI, Authority Invs. Bras-way, British Biodestod: Agency. Jack L. Brasffogs Estates.

# personal capacity and not on behalf of GPA. He said the share purchase was based on his conviction of the growing soundness of the Irish econ-Tony Ryan: the investment made in a personal capacity, Ireland announced its inten-

soundness of the Irish economy.

Thave for some time been considering a strategic investment based on Ireland's developing financial services industry. The acquisition of a significant shareholding in Bank of Ireland represents a sound investment of undoubted quality and growth potential," said Mr Rysn.

Benk of Ireland's after tax profits for the year ended March 3I were 1962.7m, up 23 per cent on the previous year.

Earlier this year Bank of valued at more than \$25m.

# Midland swap deal nearing completion

for £1.

If the 190p-a share offer goes through, Mr Gulliver's company, James Gulliver Associates, will receive a fee of MIDLAND BANK and Hongkong and Shanghai Bank-ing Corporation are close to completing the exchange of parts of their overseas operations announced last

November.
As part of the deal, Midland has bought HongkongBank's Concord Leasing (UK) for £14.25m and will merge the company with its own finance house subsidiary. Forward

The moves follow Hongkong-The moves follow Hongkong-Bank's purchase last year of a 14.9 per cent stake in Midland, widely seen as the prelude to a possible full merger.

A change of plan, though, will leave HongkongBank with

its UK branches, which origi-nally were to be absorbed into Midland. This was because the branches served specific groups, like the Chinese community in the UK, and so would benefit from retaining their independence, said Mid-

terday were:

●London-based export credit and project finance operations merged under the new name Midland Global Trade Services. Thoughoughank has taken over Midland's Seoul and Singapore branches and its mer-

chant banking operations in Singapore and Hong Kong. Midland's West German investment bank, Trinaus & Burkhardt, has opened a branch in Hamburg to absorb HongkongBank's business in

Of mergers still to take place, HongkongBank's branches in eight European cities are to be closed and their business transfered to new or existing Midland branches, or

The process will leave both banks paying about the same, said Midland. It will also result in a number of redundancies to prevent duplication or, in the case of new branches being set up by Midland, because the handled by fewer staff.

# Leisuretime falls halfway

LEISURETIME International yesterday reported pre-tax to block the sale to BET of losses of £1.36m in the six Worldwide Dryers, the lossmonths to April 30, compared with losses of £887,000 last

-Turnover was down at £2,51m (£2,59m). Against a £350,000 charge last time, there was no provision for taxation. The loss per 10p share was 9.7p (loss 10.2p) and there is no interim dividend.

This year's first half saw the Jivraj family buy control from the Aitken family and then set about reorganising the company as a hotels and nursing house concern

Shareholders had attempted Worldwide Dryers, the lossmaking warm-sir hand-dryer business which was Leisuretime's dominant activity, and were defeated.

The Jivrais took a 29.6 per cent stake in Leisuretime and injected their Country Care nursing homes two months

The sale of Worldwide Dryers gave rise to an extraordinary credit of £4.45m in the interim results. But its operations up to its sale at the start of January contributed a loss of 2309,000 to the pre-tax figure.

# **Gandalf clarification**

GANDALF TECHNOLOGIES, the Canadian computer systems group, yesterday clari-fied certain statements at the

	Current payment	Date of payment	ponding dividend	for year	last year
ondon Secsfin omkinefin Groupint	3.15t ·	Oct 3 Oct 11	2 1	0.5 4.5	3 4
vidends shown pence	e per shar	e net exce	opt where	therwis	e stated

extracts – from circulars sent by CASE and by James Capel. Gandalf also clarified the basis for graphs printed in a section entitled "CASE has got its facts wrong".
Figures used for Gandair's

turnover and profit were calculated by annualising the results for the first nine months of the year. There were also two corrections to statements that Gandalf made in the circular. Hav-

ing said:

"CASE's existing products, such as the 860 Beeline and the new X.25 do not comply with these fundamental standards", Gandalf said the sentence should have read "CASE's existing products, the 860, Beeline and the new X 25 are not

- 2- 4-5 ·

Section 1 *

Nat :

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the water

compatible with the concepts of ISDN". The other correction involves CASE's systems divi-sion. Gandalf said that CASE expected the division to represent only 10 per cent of turn-

over in 3 years. However, CASE had made that statement about its local area network division, not its systems division.

The statement had little effect on CASE's share price, which fell just 2p to 87p yester-

Gandalf has until the end of this week to launch its widely expected increased offer.

# pany. At the end of March, the market value of the investments was £487.000.

such as the French water sup-Using nominee shareholders, Southern has, over a period of months, built up a 10.82 per cent stake in West Kent Water Company, and stakes of just under 10 per cent in Eastbourne Waterworks Company and Mid-Sussex Water Com-

Statutory water companies supply water under agency agreements with the 10 much arger authorities, which could be privatised as early as autumn 1989.

Southern would neither con-firm nor deby that it used its shares last October to block a merger between West Kent and East Surrey Water Company, which is outside Southern's area of supply.

The merger proposal was put to West Kent's shareholders at an extraordinary meeting, but failed to get the required 75 per cent of votes in favour because at the last minute votes attached to a 15 per cent stake held by Cantrade nominees were cast against the proposal. Southern said it did hold

shares in West Kent at the time, and had opposed the merger through statutory channels which allow such proposals to be referred to a public

The scale of the stake-building surprised the companies, who believed such use of pub-lic money had to be authorised by Mr Nicholas Ridley, the Environment Secretary. He has said only the courts can decide whether water authorities can invest in statutory companies. Southern said it did not want

to see the companies disap-

pear. It had acted following the

1986 Monopolies and Mergers

Commission report on the region, which said added effi-ciencies could be gained if

Southern had full responsibil-

Mr David Gadbury, head of planning, said Southern wanted a closer working relationship with the companies, but was afraid any joint plans might be jeopardised by dramatic changes in ownership of the companies' shares.

ity for the area's water supply.

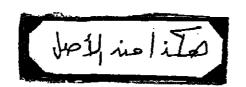
"We felt we needed to have some way of influencing future events," he added. Meanwhile, in the light of reports that it plans to take over the three statutory companies in its region, Northum-brian Water Authority has said it would only seek a merger with their agreement.
Last month Northumbrian

acquired what it described as

"nominal" shareholdings in

two companies - Newcastle and Gateshead and Sunderland and South Shields - both of which are challenging the authority's power to buy the shares by not registering the holdings. Northumbrian has also considered buying shares in Hartlepools Water Company.

Major French water suppli ers - heavily involved in stake-building and bidding for statutory water companies have no declared interests in Mid-Sussex, West Kent or East-bourne, but the Associated Insurance Pension Fund, headed by Mr Duncan Saville. an Australian businessman, holds 17.2 per cent of Mid-Sussex and 20 per cent of West



### **UK COMPANY NEWS**

### raises £34m by selling builders' merchants

WHITECROFT, an industrial holdings group with interests ranging from specialist textiles to lighting, is selling its build-ers' merchants arm to Needwood Holdings, a private com-pany, for £34m cash.

Operating from a chain of 26 UK outlets, the builders mer-chant business contributed £2.3m - more than twice the previous year profit - to the group's pre-tax profits of £12.14m in the year to April. Turnover was £53m, and net assets stood at £13.6m at the

year end.
Although the builders mer chant was then regarded as the Whitecroft's "star performer", the company said yesterday that better margins and cash



Tom Weatherby, chairman of Whitecroft

flow could be found on the manufacturing side of the building products market.

Whitecroft already makes specialist doors and uPVC windows, and has recently moved into textured coatings for home improvement with the 25.4m acquisition of Wellcote. The aim is to use the divest-ment proceeds to expand in

these and other building products markets, although acquisi-tions and investment in the group's other activities have not been ruled out.

Shares in Whitecroft, one of the first companies to fight off a bld from Hanson Trust (in 1976), added 7p to close at 809p yesterday.

jennilli

# Whitecroft | AGB shares suspended as talks with MAI progress

SHARES IN AGB Research. Britain's largest market research company, were suspended yesterday as the company negotiated plans for its future with MAI, the money-broking and advertising

The talks are understood to have been precipitated by the loss of AGB's "people meter" television audience measurement service contract with the US network, CBS.

MAI was the largest outside investor in the AGB project which has lost an estimated £40m in a fierce market battle with the established TV researcher, Dun and Brad-

street-owned AC Nielsen, during the past year.

AGB, which is headed by Sir Bernard Andley, who is also a member of the MAI board, declined to expand yesterday on its announcement that it was in "advanced negotia-tions" which would have "a

Ms Ann Burdus, an AGB director, said that a full statement on the outcome of the negotiations would probably be made before the end of the

material effect on the nature and scope of the company's

There has been speculation for some time that MAI, which already holds a near 9 per cent

stake in AGB, was preparing to play a much bigger role in AGB's business.

One possibility understood to be under discussion is for MAI to inject its US market research division, Mediamark Research, into AGB in return for a much increased stake and management control.

But AGB could face full hids

for the company from other sources. Nielsen, itself, may be tempted, and there has been speculation that both Mr Mar-tin Sorrell's WPP group, and Reed International, could be interested in a takeover. At the suspension price of 223p, AGB has a market capitalisation of nearly £96m.

### Pension side boosts Sun Life

By Eric Short, Pensions Correspondent

**BUOYANT PENSION business** provided much of the new business growth for Sun Life Group in the first half of this year, which overall saw new annual premiums up by a fifth from \$31.5m to £38.1m.

However, single premium business dropped nearly onehalf from £390m to £215m.

New annual premiums from company pension business climbed 40 per cent from £8.4m to £11.8m, all this coming from group money purchase schemes – this latter business reflecting the effect of the Government's pension changes. Single premium payments almost doubled from £5.8m to

The group is currently pro-

A MIXED pattern of new

business in the first six months

of 1988 was reported by London

and Manchester Group,

Exeter-based insurance com-

pany.
New annual premiums rose

nearly 60 per cent from £12.24m to £19.23m, most of the

growth coming from pension

sales. But single premium busi-

ness, suffering from the aftermath of Black Monday,

declined by more than one-

third from £38.28m to £24.04m.

cessing a considerable number of company money purchase schemes which, on completion, will produce over £10m of new regular premiums. Sun Life also participated in

the pre-July sales boom of self-employed pension contracts, before these were replaced by the new style per-New annual premiums rose

by half from £2.7m to £4.1m, though single premiums declined over the period from £19.7m to £18.7m. The group also experienced a decline in individual pensions business for directors and executives, with new annual premi-

The growth in new annual

premium business was achieved across all three oper-

In the life broker division,

new annual premiums rose 45 per cent to £7.1m, much of this

increase coming from buoyant

sales of self-employed pension

New annual premiums from

third to £11.1m.

ating divisions of the group.

ums down from £12m to £11.1m and single premiums dropping from £46.4m to £36.6m.

Regular premium life business was also buoyant over the half-year, rising by a third from £8.4m to £11.1m. However, single premium life business and unit trust sales declined dramatically in

the first half of 1988.

Linked-life bond sales were slashed from £292.9m to £38.4m, though the figures for last year were boosted by the record £221.2m sales of the group's Anniversary Bond.

The group's unit trust sales in common with the general trend in the industry, suffered from the effects of last October's stock market crash on investor confidence. Sales totalled just £35.5m against £126.8m in the first half of 1987.

Mixed first half for L and M

hled to £3.5m, but new annual premiums in the industrial branch were static at £3.2m. Spectacular progress was achieved in the pensions division following the implementa tion of the Government's radi

cal pension changes. Sales of the relaunched flexicontracts. However, single pre-mium business declined by a ble group money purchase scheme, COMPASS, led the pensions sales boom which ordinary branch business in saw new annual premiums more than double to £5.4m.

### **DRG** sells its paper sacks outfit for £14m

By Maggie Urry

DRG, stationery, packaging, office and print supplies group, is selling its paper sacks business for £14m in cash to Koranas, a Swedish

paper company.

The assets being sold are valued at less than £8m. The business, which has about 20 per cent of the UK paper sacks market, made pre-tax profits of about £500,000 in 1987, on sales of £55m. The sceles are sales of £25m. The sacks are used as packaging, of, for example, tea, potatoes, beet and milk powder.

Mr Moger Woolley, chief executive, said DRG was selling the operation because the market had been declining for some years. DRG's future in packaging lay in growth areas, he said.

In recent months DRG has spent more than £1m both reorganising its paper sacks business onto one site in Northfleet, Kent and reducing the workforce to 400. Both will be completed by the time the deal goes through in early September

Korsnas, which has two other paper sacks businesses in the UK utilising paper it makes in Sweden, will see the benefit of DRG's work in significant cost savings. DRG's sacks business uses about 25,000 tonnes of paper each year, and, Mr Woolley said, it made more sense for the operation to be owned by a paper maker.

Mr Woolley said the pro-ceeds of the sale would be put towards DRG's £50m-plus capital expenditure programme and acquisitions.

He also confirmed that the Kuwait Investment Office had sold 4m DRG shares, reducing its 10 per cent stake to jus over 6 per cent. He said he did not know who had bought the shares, and that DRG had not been notified of any new 5 per cent stakeholder.

**Jarvis Porter** 

Jarvis Porter, label and packaging printer, is acquir-ing Brookside Design, a sup-plier of backing cards for skin and blister packaging, for £2.15m in cash.

### Babygro takes £4.3m bid from Robt Lowe as losses top £1.7m

BABYGRO HOLDINGS, the a generic term for the all-in-troubled baby and children's one baby suits that bear its troubled baby and children's wear manufacturer, has agreed to a £4.3m share exchange bid from the Robert Lowe leisurewear group. This is little more than a third of its value when it went public a year ago.

The Babygro share price slumped by 25p to 40p on the bid announcement yesterday and the disclosure of pre-tax losses of £1.75m in the first half, compared with profits of £400,000. The losses reflect problems of surplus capacity since last autumn when children's wear sales became sluggish and imports escalated.

Mr Derek Hill, Lowe's chief executive, said that together the two companies could become "a significant force within children's and leisurewear" and that he expected Babygro to return to profit in the next financial year.

Babygro, which has become

other clothing companies, it fell into losses. It returned to profit after a management buy-out in 1983 and was capied at £11.6m when it went public last summer. Babygro has invested heavily in new capacity, opening two new factories in recent years. But the combination of

name, was founded in the early 1960s in a disused school house

in a Scottish mining village. It expanded rapidly until the early 1980s when, like many

sluggish sales and increasing imports since last autumn have dampened demand from its retail customers. It has since suffered from ris-

ing stocks, under-utilised plant and rising costs. Sales rose to 29.3m (£8.7m) in the six months to May 1, but it made a trading loss of £1.5m (profit £60,000). At the end of last month Babygro closed one of its facto-

ries in the Irish Republic, with the loss of 175 jobs. Mr Eric Peacock, chairman, said the board had decided the com-pany's future would be more secure within a larger group.

Lowe, advised by Rickitt Mitchell, is offering three of its new shares - up by 1p to 194p yesterday - for every 14 Baby-

gro shares.

Together the two companies will have combined sales of about £45m and a workforce of 2,500. Mr Hill said the new group will be able to offer bet-ter resources to the retail multiples - two fifths of its sales will go to Marks and Spencer and Storehouse - and that it should benefit from improved

restored to profit by a combi-nation of improved financial controls and capacity cuts. It is likely that one of the two com-

### First purchase by Designers

COMPANY OF DESIGNERS is extending its range of disciplines and geographical coverage with the purchase of Sibley Robinson, Cambridge-based consulting engineer, for a maximum of £4m in shares. It is the group's first acquisition since coming to the USM in October.

There is an initial payment of £1.81m with further payments dependent on profits up to September 1989. Some 2.03m

new ordinary shares will be issued to fund the acquisition, of which 1.31m, a little more than 10 per cent of the enlarged share capital, will be retained by the vendor, the balance being placed with institu-

tional investors.

Company of Designers, which grew from a linked federation of architectural practices, has been seeking to broaden its geographical base and design repertoire.

said yesterday that this acqui-sition would allow the group, which already has a small architectural practice in Ips-wich, to establish itself in East Anglia. In the longer term, he added.

Mr John Taylor, chairman,

the group might acquire a corporate and graphic design company, reversing the trend of acquisitive design consultancies, such as Fitch & Company, which are buying architects.

### SHARE STAKES

Changes in the following company share stakes have been announced: Moorgate Investment Trust Bylock Investments has pur-

chased 2.89m shares (20.69 per General Consolidated Investment Trust - Bylock Invest-ments has purchased 4.05m capital shares (22.36 per cent) increasing its holding in the capital shares to 22.98 per cent.

senting 2.13 per cent and now controls 8.32 per cent. Chamberlin and Hill - Greene and Co Discretionary Unit Fund holds 806,000 shares (22.8

Breedon - Evered has acquired 300,000 shares repre-

Hey & Croft - North East Essex Building Co holds 615,000 shares (8.15 per cent). Union Discount Company of London - Kuwait Investment Office has reduced its holding to 1.67m stock units.
Optical & Medical International – Mercury Asset Man-

agement has acquired 1.31m shares, lifting its holding to 8.4m (19.46 per cent). Hartwell – Cresscombe is now beneficial holder of 9.9m shares (12.57 per cent). Kunick – Electra Investment Trust has sold Im shares and now controls 10.36m shares

(10.62 per cent).

Linread – Anochrome Holdings has acquired 175,000 shares taking its total holding to 1.21m (10.27 per cent). Hornby Group - Charterhall holds 725,000 shares (9 per cent).

Camford Engineering - Mar-

kheath Securities is interested in 1.34m shares. Following companies have a notifiable interest in these shares, representing 7.05 per cent -Adstream Finance and Investment. David Jones. David iones (Australia), David Jones Finance and Investment, Sid-ney Cooke, Sidney Cooke Investment and Adelaide Steamship (UK).

Johnston, Lemon & Co.

Sutro & Co.

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# Norsk Hydro a.s

**Global Offering of Rights** to Subscribe for 17,116,164 Ordinary Shares

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**Global Co-ordinator** Goldman Sachs International Corp.

Interstate Securities Corporation

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The Kingdom of Norway subscribed for the 8,729,670 Ordinary Shares to which it was entitled, and these shares were not underwritten.

Vereins- und Westbank Aktiengeselfschaft

June 1988

Sal. Oppenheim jr. & Cie

# Hawke in crisis meeting on coal exports

By Gerard McCloskey in London and John Van Os in Sydney

MR BOB HAWKE, the rather than on steam coal for Australian prime minister, is due to sit down for a crisis meeting tomorrow with Mr Nick Greiner and Mr Brian Austin, the New South Wales and Queensiand premiers, to try to unscramble the mess into which the country's coal

export industry has sunk.

Two national miners' strikes have stopped all coal production in three of the last four weeks and the industry faces the prepart of more distincted. the prospect of more disruption

over the weeks ahead. Coal expert stocks have been reduced to extremely low levels and already colliers are waiting to load off all the major coal harbours in New South Wales and Queensland. A series of companies have declared force majeure on their deliveries and most of those who have avoided this embarrassment have told customers to expect delays. Both the Central Electricity Generating Board and British Steel have been told to expect some

delays on their imports.

In general, Europe is more dependent on Australian cokdependent on Australian coking coal for steel production down 11m tonnes on the previous year at 131m tonnes.

electricity generation, although GKE, the Dutch utility coal buyer, has a substantial number of Australian contracts. In Asia both coals are in high demand. Australia provides nearly half Japan's coking coal imports and well over half its steam coal needs.

In a confidential memoran-

dum sent out to all the coal companies Mr John Kerin, the Minister for Primary Industries and Energy, listed the stocks at each port and the tonnage needed to load. Overall 2.7m tonnes were required to load ships either at ports or waiting to load while only 840,000 tonnes stood at the ports. Export stocks at the mines and the ports were estimated to be in the 2.5m to 3m tonnes range. A year ago these stocks stood

Coal production is also falling. Some export mines have been squeezed out of business because of low world price levels. Output of saleable coal in the year to the end of June was Even if the next few weeks pass without further disruption it will be months before new coal purchases from Australia will be easy to come by.

One major New South Wales exporter said at the end of last week that he believed that no one was offering coal for ear-lier than October availability. and that it would be another 12 months before the industry righted itself.

The disruption at the mines centres on a bid by the New South Wales and Queensland coal associations to win a seven-day working week, 52 weeks a year. Currently, coal is produced only five days a week with a four-week break for holidays.

"We are all becoming experts in the force majeure clauses in our contracts," he added.

If is difficult to know what the meeting of the premiers can achieve. Mr Hawke — Australia's most noted ex-trades union official – has adamently refused to side with the miners until now, and there is no rea-son why he should change his

# LME change has its critics

By Kenneth Gooding, Mining Correspondent

THE LONDON Metal Exchange's decision to bow to customer pressure and increase the number of prompt, or delivery, dates for a 6-month trial period was not universally acclaimed by exchange members yesterday.

Pressure for change came from the International Wrought Copper Council, among other organisations, which suggested that the LME's extension of trading to LME's extension of trading to 15 months and the introduction of options frequently concentrated too much activity into one particular day each month. thus causing extreme price vol-

Currently only the third Wednesday of each of the forward months (beyond three months) is a delivery date. Now the exchange will have a formal prompt date every week, on Wednesday in the fourth fifth and sixth months, for a trial period starting on

However, some exchange members suggested yesterday the change could have entirely the opposite affect to that intended and reduce liquidity and increase price volatility.
They pointed out that there

are very few market makers of forward copper (two or three) and aluminium (four or five) and the increase in prompt dates would make their task much more complex. Without their willingness to assume risk positions on the forwards market, liquidity would suffer, it was claimed. An increase in the number of

delivery dates would not solve the root cause of the lack of liquidity — that supplies of metal were not keeping up with demand, said the critics. However, other exchange

members argued that if the for consumers to use, it might attract more metal.

It was generally agreed that the liquidity problems, particu-larly of the flagship copper contract, were bound to ease in comract, were cound to ease in coming months as more metal became available. The cash price for copper ended yester-day higher than the three months price, a sure sign that normality is returning. Copper has been in backwardation (where there is a premium paid (where there is a premium paid for cash metal) since March last year, except for a few

The LME has resisted calls to change the underlying cur-rency of its copper contract from pounds to US dollars but will reconsider the decision in

hours last week.

The exchange also insisted there was no chance it would change its mind about the standard-grade aluminium contract which will be phased out by the end of this year.

# US may have to raise sugar imports

By Deborah Hargreaves in Chicago

SPECULATION surfaced again 400,000 to 600,000 tonnes from yesterday that the US Department of Agriculture will be tonnes.

York have soared above the US price support level of 18 cents per lb. forced to raise next year's sugar import quota because of drought-damage to the US sugar beet crop.

Although sugar beet is usu-

With worldwide sugar export stocks tight, any increase in US imports could push world prices even higher than their ally able to withstand severe current levels. In spite of conditions, analysts have estimated crop losses this year at sugar futures prices in New

The USDA has declined to comment on any consideration it may be giving to the sugar import quota, but it is facing a strong lobby from some refin-ers, which are running short of

### Tin stocks run-down on schedule - ATPC

By Wong Sulong in Kuala Lumpur

THE ASSOCIATION of Tin Producing Countries has said that exports by its seven members are within quotas of its supply rationalisation scheme, and the world's tin overhang, which stood at 47,600 tonnes last April, should be depleted within the anticipated 2-year

The ATPC executive committhe ATPC executive commit-tee, which ended a meeting here last Friday, expects the tin price to be between 19 and 20 ringgit a kilogram in the latter part of this year. The big worry is that at these prices Brazil could be tempted to raise exports beyond the 26,500 tomes it had promised to tonnes it had promised to abide by. Brazil and China are not members of the ATPC, although they have observer

"Brazil is the joker in the pact" said a Malaysian delegate. "Its production cost is amongst the lowest because of its rich grades, and it can expand production quite rapidly, given the financial incentives."

The tin price on the Kuala Lumpur market yesterday fell by 15 cents to 18.68 ringgit a kilogram, which is 1.5 ringgit higher than prices at the start of the years.

of the year. The Malaysian delegate said mines which had remained mines which had remained closed since the tin market collapse in late 1985, were unlikely to reopen unless they were convinced that the price would remain above 20 ringgit. "At current prices, they would prefer to wait until the overhang is whittled down further, as restarting a mine is expensive and takes several months," he said.

The ATPC said exports of its members during the first year of the supply rationalisation scheme was 85,100 tonnes compared with the agreed quota of 96,000 tonnes. Members are allowed to export up to 101,900

allowed to export up to 101,900 tonnes for the second year, starting last March.

The association also called for early establishment of the proposed international tin study group, to take over the collection of statistics and act as a forum for producers and consumers, in view of the impending demise of the International Tin Council.

LINE WARRINGURE (Change during treet tonnes	
Aluminium standard Aluminium high grad Copper Grade A Lead Nickel Zinc Tin	+1,175 to 88,650 8 +4,900 to 50,450 +8,450 to 103,725 +3,425 to 66,650 -822 to 3,312 +100 to 33,750 -460 to 15,055
Silver (02). +82,000	to 14,914,000

# 'Beating ploughshares into golf clubs'

Sir Geoffrey Howe, Britain's Foreign Secre-tary and a fervent sup-porter of freer trade in agricul-ture, declared last week that one of the ways to cure the world of the ills of substitised farming was to start heating ploughshares into golf clubs." Speaking of the negotiations aimed at a revised General Agreement on Tariffs and Trade in Geneva, be urged all advanced countries to discover ways of promoting the health

of their rural communities which did not depend on the artificially-protected production of food surpluses.

The signal to farmers and to the markets is clear," he said. "The scandal of soaring costs at the expense of taxpayers, consumers and the developing countries is at last being brought under control."

He went on to instance the impressive reduction in EC dairy intervention stocks: the declining butter mountain, which had shrunk by almost half in the year to April; and skimmed milk powder stocks, which were down by 87 per

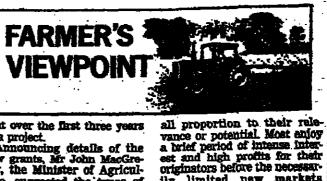
Sir Geoffrey is well aware, of course, that the reduction in surplus milk production has nothing to do with the market

nor the diversion of land to non-farming uses.

Smaller milk BC milk sur-pluses can be attributed entirely to production quotas, progressively cut since they progressively cur since they were introduced on April 1, 1984. And many farmers believe they provide the pattern for tackling some other commodities in surplus, such as cereals.

While we await the millen-nium of Sir Geoffrey's free market, however, the main planks of official policy remain price restraint, piecemeal proposals to attract a few farmers to set land aside and diversification. And next week the last of those will be given further

From August 1 UK farmers will be able to apply for grants towards feasibility studies into diversification plans. Rates of grant will be 50 per cent of the cost up to a total of £10,900 for groups or £3,000 for individuals. In addition grants towards marketing costs may be paid. on a reducing scale of 40 per cent, 30 per cent and 20 per



cent over the first three years

of a project.

Announcing details of the new grants, Mr John MacGregor, the Minister of Agriculture, suggested the types of enterprise which would be eligible. They ranged from onfarm processing of produce to pick-your-own; from craft work to catering. Like Sir Geoffrey, Mr MacGregor appears to be convinced that these kinds of non-conventional farm activities will halt the fail in farm incomes. of a project.

incomes.
Indeed a couple of months ago Mr MacGregor claimed that off-farm income made up 40 per cent of UK farmers' total returns. The National Farmers' Union responded by pointing out that less than half of this carrie from other trades on the country of the c came from other trades or earnings and that much come from pensions and invest-

ments.
"There is no sound basis," said Mr David Naish, the NFU's deputy president, "for the Minister's implication that farmers can easily make up the income they lose through price cuts by diversifying."

He further claimed that laters for the content of the c

est Inland Revenue data for 1984-85 showed that nearly half of all farmers had a total income of less than 25,000 per year, when the national average was over £8,000, and the average carned from off-farm employment was less than

According to the Ministry of Agriculture's own figures, released on July 4, since the farm diversification grant scheme was first announced on scheme was first announced on November 18, 1987, applications from English farmers had totalled 574, of which 182 had been approved. These covered planned investments totalling £3.4m, hardly enough, I suggest, to reverse the falling fortunes of an industry with a total output valued at around £12hm per year. £12bn per year. Nevertheless the possibilities

for farm diversification contime to attract publicity out of

# action on set-asides

originators netter the necessarily limited new markets become oversupplied.

All over Britain there is a scattering of failed worm farmers; deserted pick-your-own.

fields; empty farm house boli-day bedrooms; and rabbit farms which seemed like a good idea once but proved unprofitable when the animals falled to breed like rabbits are

unsold.
So far llamas and other camelids, also kept for the fibre in their coats, seem to be holding their value.
The latest novelty to attract attention is edible smalls. UK demand, we are told, has reached is 70 tonnes per year and is still growing. In addition there is a potential to export to France where the molluscs are said to be in about supply.

said to be in short supply.

The truth is that while diversification will undoubtedly make sense for a tiny minority of farmers who happen to be first onto an idea or who live close to an exploitable population, the rest of us will have to do our best to make a living from producing cereals, sugar beet, milk and meat,

The best diversification of

all, of course, is to sell a few acres of land for development. Costs are minimal, returns are

generous and farm production is hardly affected. The only trouble is that many farmers attempting it come up against

the not in my back yard atti-tude - something some mem-bers of the Cabinet certainly

By Bridget Bloom

urges

BRITAIN, West Germany and the Netherlands are the only countries formally to have met the European Community's deadline for introducing nation-wide voluntary schemes to take land out of agricultural

MacGregor

reduction.

The so-called set-side schemes are designed particularly to take marginal cereal land out of production and thus help reduce both the EC's cereal surpluses and its budget design.

cereal surpluses and its budget deficits.

Announcing final details of the British plan yesterday Mr John MacGregor, Minister of Agriculture, said that the late introduction of the schemes throughout the Community seemed bound to mean low participation by farmers, at least for the first year of the five year scheme.

However, most member states had now produced outline proposals, even if these had not yet been approved by the Commission in Brussels. Though he refused to spell out targets, Mr MacGregor said there had been a high level of interest from British marginal farmers in particular.

All EC governments were required to introduce set-aside plans by July 14, in time to affect next season's planting decisions by farmers. The Commission has laid down common rules, but has allowed member states to vary compensation payments to farmers.

British has offered up to \$200

shied to breed like rabbits are supposed to do.

Another bright idea which appears to be suffering the same fate is mobair production from angura goats. A year ago importations of breeding stock were auctioned for a few thousand pounds apiecs. This year a similar consignment failed to make as many hundreds and many animals remained unsold.

So far llamas and other

states to vary compensation payments to farmers.

Britain has offered up to £200 a hectare, depending on the quality of the land. Just over 40 per cent of this will be paid by the EC. Mr MacGregor said yesterday. French payments will be similar — with a "pivot" of FFr 2,000 (£190) per hectare, plus or minus 20 per cent.

By contrast Germany, which is the staunchest supporter of set-aside, has set limits of between Ecu 296 (£196) and Ecu 600 (£398)a hectare.

Yesterday Mr MacGregor urged farmers to register their base areas for arable crops grown in 1987-38. Even if they

grown in 1987-88. Even if they did not want to participate in the set-aside scheme this year. they could then do so in subse-

### 'Green' drachma row still holding up price package

By Tim Dickson in Brussels ---

Green drachma. The issue, which has held up agreements on this year's farm

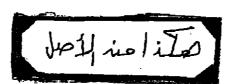
THE EUROPEAN price package for the last two commissions was last night showing little sign of conceding Greek demands for a more substantial devaluation of the Mr Frans Andressen, the Green descharge for the last two and half weeks, again dominated yesterday's meeting of EC farm ministers in Brussels.

Mr Frans Andressen, the Green minister Mr Frans Andressen, the Commissions of the Britain's farm minister Mr Frans Andressen, the Commissions of the Britain's farm minister Mr Frans Andressen, the Britain's EC's agriculture commissioner, appeared to be standing firm in the face of Greek pressure for a

John MacGregor and his Dutch counterpart Mr Gerrid Braks both insisted that they could

sion's "final" offer and the Greek position attracted some

		<u>-</u>	<u> </u>	•		
		WC	ORLD COMMODITIES P	RICES		
London Markets	COCOA E/tonne	LONDON METAL EXCHANGE	(Prices supplied by Amalgamated Metal Trading)	New York	COFFEE *C* 37,500bs; cares/fbs	MAGZE 5,000 bu min; cents/56ib bushel
COPPER prices fell sharply on the LME	Close Previous High/Low	Close Previous High/Lo	ow AM Official Kerb close Open Interest	·	Close Previous High/Low	Close Previous High/Low
yesterday, and cash metal closed at a	Jly 977 963	Aluminium, 99.7% purity (\$ per tonne)	Ring turnover 3,000 tonge	GOLD 100 troy oz.; \$/troy oz.	Jul 195.00 135.50 136.00 195.00	Jul 303/4 339/4 308/0 297/D
discount to three-month metal for the	Sep 991 997 1004 986 Dec 990 997 997 998	Cash 2540-60 2645-65	2590-605	Class Previous High/Low	Sep 135.47 136.29 136.85 135.30	Sep 328/0 343/0 \$28/0 328/0
first time since March last year,	Mar 990 999 998 988	3 months 2480-80 2560-80	2515-35 2450-70 7,160 lots	Jul 437.8 440.2 0 0	Dec 185.13 184.91 196.90 194.85 Mar 183.88 183.76 184.90 183.25	
although a discount was briefly registered during trading a week ago.	May 1004 1014 1012 1002 Jul 1022 1030 1025 1020	Aluminium,99.5% purity (£ per tonne)	Ring turnover 23,800 tonne	Aug 438.8 441.5 440.2 435.1 Sep 441.6 444.1 444.0 444.0	May 192.25 133.25 133.25 133.25	May 329/4 344/4 0 329/4
Dealers said the prices were driven	Sep 1041 1048 1046 1039	Cash 1450-5 1510-20 1490/14		Oct 444.5 447.0 446.9 440.6	Jul 130.50 133.00 0 0 Sep 130.25 131.25 0 0	Jul 3194 3344 0 3194
down by sporadic liquidation and the	Turnover: 5324 (8283) lots of 10 tonnes	3 months 1405-8 1455-60 1460/13		Dec 450.1 452.6 451.4 445.3 Feb 455.6 458.3 457.0 457.0	Dec 130.00 129.50 0 0	Sep 285/4 300/4 0 285/4 Dec 263/4 278/4 263/4 263/4
strong rally in sterling. LME stocks of	ICCO indicator prices (SDRs per tonne). Daily	Copper, Grade A (£ per tonne)	Ring turnover 33,350 torme	Apr 481.5 464.0 462.5 458.5	SUGAR WORLD "11" 112,000 lbs; cents/lbs	
Grade A metal rose last week by an	price for July 18: 1238.57 (1230.40) :10 day average for July 19: 1250.43 (1248.16) .	Cash 1248-9 1303-4 1272/12 3 months 1256-6.5 1293.5-4 1261/12		Jun 487.3 488.8 0 0 Aug 473.3 475.8 0 0	Ciose Previous High/Low	WHEAT 5,000 bu min; cents/60th-bushel
unexpected 3,450 tonnes to a total of 104,525 tonnes — the highest level		Copper, Standard (£ per tonne)		1-19 1100 1100 0	Oct 14.61 15.23 14.89 14.30	Latest Previous High/Low
held since early October 1987. Cash	COFFEE Efforms		Ring turnover 0 tonne	PLATBURE 50 troy oz; S/troy oz.	Jan 18.09 18.71 14.00 19.10	56 3604 384D 374D 320D
metal closed down £55 at £1,248.50 a	Close Previous High/Low	Cash 1215-20 1270-5 3 months 1215-20 1255-60	1240-5 1240-5 39 lots	Latest Previous High/Low	Mar 13.05 13.72 13.35 12.70 May 12.67 13.37 13.00 12.67	Sep 380/0 393/4 384/0 373/4
tonne, a discount of £7.75 to the	Jly 1062 1056 1058 1050 Sep 1083 1079 1085 1070	Silver (US cents/fine punce)	Ring turnover 0 czs	Jul 542.0 548.3 542.0 541.0	Jul 12.60 13.10 12.66 12.60	Dec 391/4 495/G 395/G 385/G Mar 395/4 497/4 395/4 387/4
three-month price. Aluminium prices also moved sharply down. Meanwhile.	Nov 1033 1084 1096 1080	Cash 712-5 725-8	720-1	Oct 552.5 554.9 554.0 549.0	Oct 12.28 12.78 12.37 12.28	May 378/2 382/4 360/0 372/4
cocoa prices eased, reflecting a shift in	Jan 1105 1107 1108 1098 Mar 1119 1124 1120 1107	3 months 726-9 738-41	735-7 725-30 541 lots	Jan 550.0 580.3 589.0 548.0 Apr 587.3 587.3 588.0 588.0	COTTON 50,000; cente/fee	Jul 355/0 365/0 357/0 345/0
sentiment after reported tvory Coast	May 1132 1136 1131 1125	Leed (2 per tonne)	Pling turnover 7,975 tonne	Jul 569.0 574.8 568.0 588.0	Close Previous High/Low	
sales last week, dealers said.	Turnover: 3059 (3289) lots of 15 tonnes	Cash 359-60 361-3 359/358			Oct 57.26 57.71 57.30 56.20 Dec 85.88 56.27 55.96 54.95	LIVE CATTLE 40,000 itse; cents/lbs
SPOT MARKETS	ICCO indicator prices (US cents per pound) for July 15 :Comp. daily 113.82 (114.68): . 15 day	3 months 361-1.5 364-5 362/360	350-1 382-3 11,988 lots	SELVER 5,000 tray az; cente/tray az.	Mar 58.51 56.90 56.96 55.80	Latest Previous High/Low
<del></del>	average 114,14 (114,38).	Mickel (S per tonne)	Ring turnover 774 tome	Close Previous High/Low	May 57,50 57,45 57,26 56,35	Aug 65.17 64.27 65.70 64.25 Oct 67.95 66.97 68.47 68.20
Crade ell (per barrel FOB September) + or -  Dubal \$13.35-3.46y +0.875	SUGAR (\$ per tonne)	Cesh 14200-50 14200-300 14275/1/ 3 months 14000-100 14020-40 1400/131		Jul 715.0 731.0 720.0 712.0	Jul 67.75 57.82 57.75 57.16 Dec 57.40 57.67 57.40 57.15	Dec 70.70 70.97 72.00 62.47
	Rest Close Previous High/Low	2 monars 14000-100 14020-40 1400/130		Aug 718.0 734.5 0 0 Sep 722.5 738.0 731.0 717.0	OBANGE JUICE 15,000 lbs; cents/fbs	Feb 71.80 72.37 72.96 70.87
Brent Blend \$15.05-5.15z +0.875	Aug 347.00 360.00 355.80 345.00	Cash 724-6 732-4 732	Pling turnover 7,275 tonne 732-8	Dec 738.7 755.3 747.0 734.0 Jan 744.0 760.5 0 0	Close Previous High/Low	Aug 70.05 71.55 71.55 70.05
W.T.I. (1 pm est) \$15.70-5.75z +1.00	Oct 329,80 346,60 342,00 325,00	3 months 711-2 714-5 724/707	716-20 707-8 24,109 lots	Mer 755.7 772.2 764.0 750.0	Jul 204.25 195.60 200.30 195.00	
Olf products	Dec 312.00 330.00 313.00 311.00 Mar 295.40 311.00 303.60 291.00			May 767.0 783.5 0 0 Jul 778.8 796.3 787.0 777.0	Sep 188.40 184.16 188.50 182.50	LIVE NOGS 30,000 lb; cents/lbs
(NWE prompt delivery per tonne CIF + or -	May 296.00 302.00 293.00 285.80	SCYABEAN MEAL S/tonne	LONDON BULLION MARKET	Sep 790.7 807.2 791.0 791.0	Jan 171.50 170.00 171.50 180.05	Close Previous High/Low
Premium Gasoline \$180-182 +1	White Close Provious High/Low	Close Previous High/Low	Gold (fine oz) \$ price £ equivalent	Dec 806.7 825.2 0 0	Mer 189.90 168.60 169.75 189.50	Jul 46.17 46.27 46.35 45.85 Aug 44.32 44.37 44.62 45.80 Oct 40.86 41.62 41.66 40.80 Dec 43.40 44.82 44.15 43.10 Feb 47.67 46.17 48.25 47.67
Ggs Oil \$129-131 +5	Oct 340.00 353.00 351.00 337.00	Oct 177.50 191.30 187.00 177.10			May 168.55 167.50 167.50 167.50. Jul 167.65 166.50 0 0	Aug 44.52 44.57 44.62 43.60 Oct 40.85 41.62 41.66 40.80
Heavy Fuel Oil \$65-67 + 1.5 Nachtha \$139-141 + 8	Dec 337.00 352.60 348.00 347.00 Mar 336.00 350.00 344.00 312.00	Dec 179.00 194.60 190.00 179.00	Opening 43734-43834 263-2631 ₂	COPPER 25,000 lbs; cents/fbs	Sep 167.85 188.50 0 0 Nov 167.65 186.80 0 0	Dec 43.40 44.52 44.15 43.70
Petroleum Argus Estimates	May 335.00 345.00 343.00	Feb 188.00 198.50 198.00 186.00 Apr 192.50 198.50 192.50	Morning fix 437.65 263.248 Afternoon fix 435.65 290.323	Close Previous High/Low		Feb 47.67 48.17 48.25 47.57 Apr 47.40 48.90 48.00 47.40 Jul 52.10 55.55
Other + or -	Aug 336.00 348.00 Oct \$35.00 348.00 238.90	Turnover 269 (340) lots of 100 torines.	Day's high 437 i ₄ -436 i ₄ Day's low 434-434 i ₂	Jul 95.00 96.60 96.50 95.70 Aug 94.30 94.10 0 0	Chicago	Jul 42.10 53.56 52.15 52.05
Gold (per troy oz) \$435.75 -2.50	Turnover: Raw 9659 (9990) lots of 50 tonnes.			Sep 92.70 92.55 92.80 90.20	SOYABEAMS 5,000 bu min; cents/80th bushel	
Silver (per troy oz) 716c -12 Pistinum (per troy oz) \$540 -5.25	White 1128 (1137) .	FREIGHT FUTURES \$10/Index point		Dec 89,90 89,05 89,80 57,60	Latest Previous High/Low	PORK BELLIES 26,000 lbs; cents/ib
Platinum (per troy cz) \$540 -5.25 Patietium (per troy cz) \$123.75 -3.00	Paris- White (FFr per tonne): Oct 2138, Dec 2130, Mar 2120, May 2130, Aug 2135 Oct 2145	Closs Previous High/Low	US Eagle 4481 ₂ -4531 ₂ 268-271 Maphelete 4481 ₂ -4531 ₂ 268-271	Mar 86.50 85.55 86.80 85.00	Jul 873/0 994/4 900/0 875/0	Close Previous High/Low
Aluminium (free market) 52600 -110		Jly 1220 1205 1220 1203	Britannia 448½-453½ 269-271	May 85.00 84.05 85.80 84.00 Jul 83.50 82.55 83.60 83.00	Aug 946/4 991/4 946/4 946/4 Sep 941/4 986/4 941/4 941/4	Jul 36.65 37.90 37.86 36.65 Aug 35.87 36.82 37.05
Copper (US Producer) 1055g-167c Lead (US Producer) 36c	GAS Cit. \$/tonne	Aug 1340 1310 1340 1320 Out 1435 1427 1445 1425	Krugerrand 484-457 25812-26112 1/2 Krug 227-236 136-1413	Sep 82.00 81.25 82.00 61.50	Nov 927/0 972/0 927/0 927/0	Feb 58.12 88.12 48.00 40.40
Nickel (free markel) 650c	Ciose Previous High/Low	Jan 1460 1453 1471 1465	1/4 Krug 112-120 67-1-71-7	Dec 81.50 80.75 0 0	Jan 915/4 960/4 916/4 915/4	MM 857 272 244
Tin (European free market) £4335 -15	Aug 131.00 125.25 133.00 125.75 Sep 131.50 126.00 133.50 125.75	Apr 1496 1490 1496 1490 Jly 1263 1263 1260	Angel 446-451 267 ½- <u>270 ¼</u> 1/10 Angel 45-50 27-90		May 887/4 932/4 867/4 867/4	May 57.55 59.55 57.80 57.55 Jul 95.82 58.80 58.15 56.82
Tin (Kuala Lumpur market) 18.78r -0.05 Tin (New York) 336.0c -0.75	Oct 138.25 127.75 196.00 128.00	BFI 1178 1171	New Sov. 10212-10312 81-6134	CRUDE Of (Light) 42,000 US galls S/berrel	SOYABEAN CIL 60,000 (be; cents/ib	Aug 58.15 58.20 0 58.16
Zinc (Euro. Prod. Price) \$1252.5 Zinc (US Prime Western) 655sc	Nov 134.00 128.50 194.25 129.75 Dec 135.00 129.25 135.00 134.50	Turnover 378 (484)	Okt Sov. 10212-104 61-62 Noble Plet 556.45-62.9 332.2-336	Latest Previous High/Low	Latest Previous High/Low	
				Avg 15.80 14.86 15.90 16.25 Sep 15.98 14.97 15.97 15.38	Jul 30,55 32,95 31,00 30,15	
Cattle (live weight)† 115.57p +2.50* Sheep (dead weight)† 206.65p +22.12*	Turnover 8567 (4818) lots of 100 tonnes		<del></del>	Oct 18.02 15.06 16.08 15.36	Aug \$2.00 \$5.00 32.00 32.00	·
	GRAINS E/tonne		Silver fix p/fine oz US cts equiy	Nov 16.10 15.21 16.21 15.80 Dec 16.17 15.33 16.28 15.55	Sep 32.25 33.25 37.26 32.25 Oct 32.35 33.35 32.35 32.35	
Pigs (live weight)† 70.15p +0.13*	Wheat Close Previous High/Low		Spot 438.55 724.00	Jan 16.22 15.42 16.22 16.70	Dec 32.25 33.25 32.25 32.25	CHILE
London daily sugar (raw) \$388.4x +0.4 London daily sugar (white) \$352x +10	Sep 105.40 106.65 105.40		3 months 448.25 738,60 6 months 460.30 754.15	Feb 16.30 15.49 16.30 16.75 May 16.00 15.64 16.00 16.95	Jan 32.02 33.02 32.02 32.02 Mar 31.80 32.80 31.80 31.80	- Cruck
Tate and Lyle export price £348.5 +3.5	Nov 108.00 109.25 108.60 108.00		12 months 483.66 784.96		Mar 31,80 32,80 31,80 31,80 May 31,35 32,35 31,25 31,25	The Financial Times proposes
Barley (English feed) \$1022	Jen 111,10 112.20 111.10 Mar 113.45 114.50 113.45			HEATING OIL 42,000 US galls, cente/US galls	SOYABEAN MEAL 100 tons; \$/100	to briging this struct bloboses
Maize (US No. 3 yellow) Ung.	May 115.70 116.85 118.00 115.70		1	Latest Previous High/Low	Latest Previous High/Low	
Wheat (US Dark Northern) Unq.	Sarley Close Previous High/Low	TEA THERE WERE 20,616 packages on offer in	<u></u>	Aug. 4000 4440	dul 258.5 2070 078.0	8th September
Rubber (spot)♥ 74.00p +1.75 Rubber (Aug)♥ 80.00p +1.75	Sep 99.95 101.20 100.80 99.95	This weeks suction, including 200 in the	LONDON METAL EXCHANGE TRADED OPTIONS	OCT 4460 4260 A460 4340		For a full editorial symopsis and
Rubber (Sep) 💗 82.25p + 1.75	Nov 102.85 104.25 103.40 102.85	offshore section, reports the Tea Brokers'	Alumichum (99.7%) Calls Puts	Oct. 4460 4280 4480 4540 Dec 4630 4430 4620 4570 Feb 4646 4445 4686 4625	Sen 2007 2007 200	advertisement details, please contact:
Rubber (KL RSS No 1 Aug) 337.0m +1.5	Jan 105.85 107.15 108.10 105.85 Mar 108.45 108.55 108.85 108.45	Association. The market remained subdued. The few brightest East Africans were well	Strike price \$ tonne Sept. Nov. Sept. Nov.	Feb 4646 4446 4586 4526 Mar 4496 4285 4466 4350	Oct 285,5 280,5 285,5 285,5 285,5 Dec 283,4 273,4 283,4 283,4 283,4 283,4 283,5 280,5	
Coconut oil (Philippines)5 \$680x -30	May 110.15 111.15 110.65 110.15	supported at firm rates but all other	2400 237 217 108 198 2550 150 156 180 281	APT 4390 4190 0 0	Jan 254.5 274.5 259.5 259.5	NIGEL BICKNELL on 01-248 8000 ext 3467
Paint Oil (Melaysian)§ \$535z -15 Gopra (Philippines)§ \$460 + 10	Turnover: Wheat 111 (178) , Barley 181 (128) .	descriptions proved irregular and generally easier to buy at a decline of 3-5p per kilo		May 4310 4110 G G	Mer 254.0 269.0 254.0 254.0 Mey 252.0 267.0 0 0	1 1
Soyabcana (US) \$230x	Turnover lots of 100 tonnes.	With some withdrawals, Batter quality		40000 to		or write to him at:
Cotton "A" Index 82.6c Wooltops (64s Super) 650p	POTATOES E/tonne	ceylons sold at lower levels but coloury mediums met fair competition at about lest	Alluminium (93.6%) Calls Puls	COCOA 10 tonnect/tonnes	HEDICES	
£ a some unless otherwise stated, p-pence/kg.	Close Previous High/Low	18083.	2250 235 100 2400 167 171	Close Previous High/Low	REUTERS (Bese: September 18 1931 - 1(0))	Bracken House 10 Cannon Street
e-cents/lb. r-ringgit/kg. x-Aug/Sep. s-Sep/Oct.	Nov 80.0 83.0	Quotations: Quality 142p nominal (152p nominal)	2400 167 171 2550 100 262	Sep 1582 1559 1568 1592 Dec 1551 1556 1858 1535	July 15 July 14 minth ago yr ago	London Street
z-Aug. q-Aug/Oct. w-Oct. y-Sep. †Mest Commis-	Feb 92.0 95.0	Medium (3p (88p)	Copper (Grade A) Calls Puts	Mar 1558 1550 1546 1545	1995.1 7963.9 1902.8 1840.0	EC4P 4BY
sion average fatstock prices. * change from a week ago. **Tondon physical market. \$CIF Ret-	P-P	Low medium 70p (73p)	2000 178 204 69 117	May 1578 1572 1577 1585	DOW JONES (Base: Dec. 31 1974 - 100)	Contractor of the Contractor o
terdam. A Bullion market close. m-Malaysian		1	2100 122 156 113 166	Jul 1589 1696 0 - 0 Sep 1626 1640 1620 1620	Spot 138.77 138.89 140.98 197.89	FINANCIAL TIMES
çentş/kg.	Turnover 210 (169) lots of 100 tonses.	——————————————————————————————————————	2206 80 115 171 224	Sep 1626 1640 1620 1620 Dec 1657 1670 0 0	Spot 138.77 138.83 140.26 127.82 Futures 142.64 142.85 140.89 125.42	ENWONE, 2 EINTIMEST HE MANAGE
						Annual Control of the



### **FOREIGN EXCHANGES**

# Dollar up despite intervention

of England figures, the dollar's exchange rate index was unchanged at 99.4.

Starting finished at its best level of the day, helped by a half point rise in UK base

rates. News of a 0.4 p.c. rise in

UK June retail sales was a lit-tle below expectations, but still

gave an annualised increase over the past three months of

6.5 p.c. This underlined recent con-

cern over the pace of economic

growth and its effect on the rate of inflation. The pound

finished higher against a stron-

ger dollar, which meant a marked improvement against its European partners to DM3.1425 from DM3.1200 and

FFr10.5875 compared with FFri0.5200. It was also higher against the Swiss franc at SFr2.6075 from SFr2.5850 and

Y224.75 compared with Y225.00.

Against the dollar it rose to

\$1.6695 from \$1.6635.

C O - O R D I N A T E D INTERVENTION by G7 and EC central banks restricted the dollar's rise yesterday, but the US unit still finished sharply

Traders were anxious to cover short positions after last Friday's better than expected US trade figures. Some had held back, hoping for interven-tion by the Bank of Japan, but the latter was conspicuous by its absence, and although the dollar's rise continued, it was weaker against the yen after a rise in short term Japanese

Treasury bill rates.
Dealers suggested that the Bank of Japan is unlikely to intervene in currency markets just yet, but that a rise in domestic interest rates helped to underpin the yen. However the dollar's under-

lying trend remained upward. Weekend comments suggesting that the dollar's rise was tenuous, if based solely on better US trade figures, appeared to have little lasting effect. Some analysts suggested that the US authorities were unlikely to join in co-ordinated central bank intervention on a large scale for fear of pushing the dollar weaker in the run up to November's Presidential elec-

The dollar closed at DM1.8820 from DM1.8760 and SFr1.5625 compared with SFr1.5545. It was also higher against the French franc at

£ IN NI	EW YURK	
July_18	Latest	Prestous Clase
£ Spot 1 mosts 3 mostis 12 mostis	1.6720-1.6725 0.40-0.39pm 1.10-1.07pm 3.60-3.50pm	1,6815-1,6895 0,27-0,25m 0,905-0,89pm 3,165-3,03
Forward premiu	ers and discounts an	ply to the US dollar
STERLI	NG INDÉ	X ·

**CURRENCY RATES** 

**CURRENCY MOVEMENTS** لساورة 1462 

OTHER CURRENCIES

### **MONEY MARKETS** Rates discount further rise

THE HALF point rise in base rates yesterday was the latest extention of the Bank of England's softly softly approach to the market's clamour for a full point rise. Reaction to a further increase in inflation and evidence of an rise in retail sales, pushed interest rates up sharply in early trading, to dis-count at least a one point rise in base rates.

The hike in base rates followed a decision by the authorities to lend money to the discount houses at 10% p.c. After

UK clearing hank base leading rate 18³2 per cent from July 18

the rise, three month interbank money was quoted at 11-10H p.c., slightly down from the day's high, but still up from 10H-10H p.c. on Friday. The one year rate finished at 11H-11H p.c., against 11H-10H p.c. Overnight money traded between a high of 11 p.c. and a low of 8 p.c.

The Bank forecast a shortage of around £100m, with factors affecting the market including, bills maturing in official hands and repayment of late assistance, together with a take up

of Treasury bills draining £376m. For hequer transactions accounted for a further £110m, and banks brought forward balances £35m below target. These were parily offset by a fall in the note circulation of

You per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

The forecast was revised to a flat position and the Bank invited houses to use their borrowing facilities at 2.30 pm at a rate of 10% p.c. The Bank also announce offers on bills either in the measure or afternoon. in the morning or afternoon.

Interest rates were also higher in Frakfurt as traders looked for a further rise in West German inter rates to off-set recent D-Mark weakness. Today's sale and repurchase tender is seen as a further opportunity by the authorities to increase rates from the current level of 3.75 p.c.

Recent dollar strength. which has resulted in interven-tion by the Bundesbank, sell-ing dollars and buying D.Marks, has drained liquidity out of the market, eracertating the current shortage of funds.

In Paris the Bank of France left its money market interven-tion rate unchanged after the latest sale and repurchase ten-

### CURRENCIES, MONEY AND CAPITAL MARKETS FINANCIAL FUTURES

# Firmer pound restricts losses

SHORT STERLING contracts recovered from the day's lows in yesterday's Liffe market after only half a point rise in UK base rates. Futures prices, and cash rates, had started the day discounting a full one point increase in base rates, and so the half point increase encouraged investors to have encouraged investors to buy back into sterling futures,
Despite this, sentiment
remained less than bullish. UK
retail sales rose slightly less

but was effective while it lasted as the authorities sold dollars on the dips, rather than fighting an upward trend. than expected, while PSBR for June was flat against expecta-tions of a small repayment. Suggestions that West German interest rates may be pushed firmer added some measure of support to the

LONDON (LIFFE)

However the D-Mark per-However the D-mark per-formed badly elsewhere. It dropped to a record low against the yen as the latter benefited from a general D-Mark weakness and higher Japanese domestic rates.

The D-Mark's one bright spot was its improvement against

rates	July 18	from .central rate	sulfasted for divergence	Divergence Healt %
42.4582 7.85212 2.05853 6.90408 2.31943 1.766411 1483.58	43,4945 7,91273 2,97831 7,00900 2,34333 0,773286 1539,91	12.44 10.77 10.7% 11.82 11.63 11.63 12.60	+1.07 -5.60 -0.40 +0.15 -0.34 -0.74 +3.00	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752
	7.85212 2.05853 6.90408 2.31.943 1.766411 1.483.58	42.4582 43.4945 7.85212 7.91273 2.05853 7.09900 2.31943 2.94333 1.768411 0.779286 1483.58 1539.91	42.4382 43.4945 +2.44 7.85212 7.91273 +0.77 2.05853 2.75930 +0.95 6.90495 7.00900 +1.52 2.31943 2.34333 +1.03 1.756411 0.773286 40.63	42.4582 43.4945 +2.44 +1.07 7.85212 7.91273 +0.77 -0.60 2.05853 2.07851 +0.96 -0.41 6.9040 7.00900 +1.92 +0.15 2.11943 2.34333 +1.03 -0.34 7.66411 0.773206 +0.63 -0.74 1465.58 1539.91 +3.00 +3.00

FFr6.3425 from FFr6.3250 but on Bank of England figures, its exchange rate index rose to Y134.70 from Y135.25. On Bank 75.1 from 74.9 at the opening

and 74.6 on Friday.

The dollar's performance in

Frankfurt was governed to a greater extent than normal by Bundesbank intervention. The effect of central bank's inter-

vention lasted only until the close of business in Frankfurt,

18	Day's	Clase	One month	PA W	Three months	%. p.a.
	1.6545 - 1.6760	1.6690 - 1.6700	0.37-0.34cpm	2.55	1.05-1.00pm	2.46
<b></b>	2,0055 - 2,0220 3,534 - 3,544	20200-20210 3.534-3.544	0.27-0.19cpm 2-17-cpm	띯	0.68-0.56pm 5%-4%pm	123 5.58 3.71 2.36 3.39 5.57 -1.80 0.31 -0.34 -2.34
	65.40-65.70	66.6.67	28-1200	5.93 3.65 2.00	70-5250	37
	11 93. 11 97%	11.97% - 11.98%	24-14o-tom	200	8-63-000	236
╗	3134 - 3144	1.1685 - 1.1695	0.38-0.32com	3.59 1	1.08-0.90mm	339
7	717 - 71 S	_314-314b	14-14 minus	-52	45-41 ₁₀₀₀ 65-16565	527
	254,46 - 256,80 207,80 - 208,80	254,80 - 255,80 207,85 - 208,15	10.50cms 8cm-11cds	0.09	27-5om	-1.80
	2521 - 2530	23245 - 23256	par-Hireits	is	27-32	-0.34
$\Box$	11.384 - 11.44	1143-1144	24-34 oredis	-2.89	54-74did	-234
	10.56 - 10.60 -	10.584 - 10.594	3-2 years	2.90 -0.28	8½-74pm	2.98 0.74 6.12 5.72
	10.73% - 10.77% 224% - 225%	10.764 - 10.77%	3 por 4 oredis	-0.28	24-14:0m	0.74
	Z454 - Z754	2244 - 2254	15-1700	5.74	34-34pm 324-304pm	誤
_	22.00-22.20	22.07 - 22.10	111-94-com			

cland:  crade  c	1419 1207 2112 39.2 7.137 1873 13684 6.8 6.8 6.8 1346 1346 1346 1346 1346	1.6760 1.4335 1.2115 1.2115 1.2115 1.2135 1.39.60 1.29.35 1.154 1.125.55 1.402 1.25.55 1.402 1.25.55 1.403 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 1.25.50 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·	ONDU			RATE		
Jyly.18	Overnight	7 days police	Month Month	Three Months	Six Months	One Year
interbank Offer interbank Bid Steritus COs. Local Authority Deps. Local Authority Bonds . Discount Mikt Deps. Conteany Deposits	10 97	101, 91, 91,	107 101 103 105 105 105	111111111111111111111111111111111111111	11. 11. 11.	HA HA HA HA HA

Company Deposits  Company Deposits  Creatury Bills (Buy)  Bank Bills (Buy)  Bank Bills (Buy)  Bonk Bills (Buy)  Bonk Bills (Buy)  Bonk CDs  Bor Linked Dep Offer  CDL Linked Dep Offer  CCU Linked Dep Offer  CCU Linked Dep Bid  CCU Linked Dep Bid			103 103 103 114 7.90-7.85 63 63 63 63 63 63 63 63 63 63 63 63 63	111111111111111111111111111111111111111	114 104 105 8.45-8.40 77 78 78	1114 1126 8.65-8.60 727 718 718
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likely to be influenced by tomorrow's UK money supply figures. Bank lending is expected to rise sharply as mortgages are arranged to beat the tax advantages due to end in to underpin sentiment.

The September long gilt

opened lower at 93-29, down from 94-01 but recovered to fin-

ish at 94-04, up from a low of

US Treasury bond prices finished on a weaker note. A firmer Federal funds rate and

failure to break through resis-

tance levels tended to take the edge off investor demand. The

September price slipped to 85-27 at the close, having opened at 86-10, up from 86-04

LIFFE FT-SE INDEX FUTURES OPTIONS

on Friday.

Long term gilt prices opened weaker but finished slightly up on the day. Dealers suggested that the authorities decision to push rates firmer helped to allay fears about rising infla-tion. A firmer pound and a revival in oil prices also helped

0ec 638 450 309 155 829 13 05417012114877 14 50 208 361 557

LIFFE EIS (FFINNS E25,000 (cods per EI) Prits Aug. 5 37 160 635 844 1320 1215/44 1119/75 23

Pres. 89.01 89.11 89.28 89.45

Close High Low Prev. 184.70 185.10 183.90 186.30 186.10

111gh Low 85-25 25-26

1-mth. 3-mth. 6-mth. 12-mth. 1,6660 1,6593 1,6500 1,6355

Estimated Volume 935 (1169) Presions day's open lot. 9640 (9584)

THREE MONTH EPROPOLLAR ELm points of 188%

US TREASURY BOHRS 8% \$100,000 32m/s of 100%

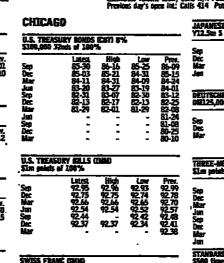
**CURRENCY FUTURES** LUTE-STEPLING (25,000 5 per E

Estimated Volume 16 (63) Previous day's open int. 168 (174)

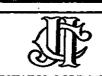
POUND-S (FÉRETER EXCHANGE)

Estimated volume total, Calls 225 Pats 382 Previous day's open inc. Calls 1262 Pats 2138

Dec 5.20 3.15 1.90 1.15 0.75 1.10 0.00 6.00 0.00 0.00 0.00 248 3.70 5.18 6.96 8.96 11.12 13.39 CHICAGO



# Company Notices



RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED. (Incorporated in the Republic of South Africa)
Registration No. 01/00251/06

Registration No. 01/0025/1/06

DIVIDEND NO. 186

ON SHABE WARRANTS TO BEARER

Pursuant to the notice published on 24th June, 1988 members are informed that the rate of enchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 2nd Aggust, 1988 is 1 rand of 100 cents equals 24.3712270 United Kingdom errency. The gross dividend payable by the United Kingdom Paying agents is therefore, equivalent to 207.1554p per share. Holders of share warrants to bearer are informed that payment of Dividend No. 106 will be made on or after 3nd August, 1988 upon surrender of Cospon 107 at the London Bearer Office of Hill Samuel & Co. Ltd., 45, Beech Street, London EC2P 2LX.

Equivalent in United Kingdom currency of dividend declared Less: South African Non-Resident Shareholden' Tax of 15% AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS Less: United Kingdom Income Tax @ 10% on the gross dividend (see Notes I & 2 below)

AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS Coupoes must be fisted on forms obtainable fre for examination on any week-day (Saturday opening is required.

99, Bishopegate, LONDON EC2M 3XE, 18th July, 1988. ndon Secretaries Mrs A P Smith Secretary. NOTES:
(1) The gross amount of the dividend for one for United Kingdom bacome and Surfa purposes is 207.1554p

(2) Under the Double Taxation Agreement, between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 10% instead of at the standard rate of 25% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders' Tax.

# FIRST AUSTRALIA PRIME

Morgan Gueranty Trust Company of New York On June 22, 1988 the Board of Directors of First Australia Prime Income Investment Company Limited, a closed-end Investment company listed on the Toronto Stook Exchange, occlared as Interim dividend on the company's ordinary shares of \$0,56 per stere payable to shereholders of record July 8, 1988 for the six months ended May 31, 1989.

Payment of coupon no. 4 of the Interna-tional Depositary Receipts will be made in US Dollars on or after July 22. 7988, to the IDR-Holders of record July 8, 1983, at one of the tollowing diffices of Morgan Gueranky Trust Company of New York: - New York, 30 West Broadway - Brussels, 35, avenue des Aria - London, 1, Angel Court - Frankfurt, 44-46 Mainzer Landstrasse

Morgan Guaranty Trust Company of New York Brussels Office as Depositary

**Company Notices** 

BARNATO BROTHERS LIMITED

Amount payable per share (U.K. Currency)

207.155

31.0733

20:7155

155.3666

UNION DES BANQUES ARABES ET **FRANCAISES** U.B.A.F. \$ US 65.000.000.-

1980/1990 Floating Rate Bondholders are hereby informed that the rate appli-cable for the 18th interest

Coupon No 18 will be payable as from January 18th, 1989 at the price of \$ US 44,08 equivalent to an interest of 184 days, covering the period from July 18th, 1988 to January 17th, 1989

The Fiscal Agent
CREDIT LYONNAIS
LUXEMBOURG

# **EUROPEAN OPTIONS EXCHANGE** 6.50 5.80 11.60 11.60 4.50 2.50 87 234 5.30 4.90 4.90 3.50 6.50 6.20 5 11.50 260

TOTAL VOLUME IN CONTRACTS: 46,983

8.50 6.50

	SAS	SE LENDING F	RATES
ABN Bank  Adam & Company  AAB - Alfred Arab Bk  Alfred Arab Bk  Alfred Arab Bank  Hessy Aschaother  ARZ Bankley Group  Associates Cap Corp  Associates Cap Corp  Associates Cap Corp  Bank of Billian  Bank Happalism  Bank Leursi UKO  Bask Credit & Comm  Bank Credit & Comm  Bank of Opens  Bank of India		City Merchants Bank 10-12 Ciydesdale Bank 10-13 Corona, Bk. M. East 10-12 Cooperative Bank 7:0-12 Contris & Co 10-12 Coperative Bank 7:0-12 Contris & Co 10-12 Coperative Bank PtC 10-13 Coperative Bank PtC 10-13 Coperative Bank PtC 10-13 Coperative Bank PtC 10-13 Coperative Bank 10-13 Coperat	Hat Westminster 10½ Northern Bank Ltd 10½ Northch Gen. Trust 10½ PRIVAT hanken Limites 10½ Provinctal Bank PLC 11 R. Raphael & Sons 110½ Rocherghe G'ranter 10½
(Ribant NA	1012	Hal Bit. of Kawait 10½	9.125% - 9.5%

Fixed Income and Equities Trading -

■WestLB

for dealing prices call: Westdeutsche Landesbenk, Head Office, P.O. Box 1128 4000 Düsseldorf 1, International Bond Trading and Sales: Telephone (211) 826 31 22/8 26 37 41, Telex 8 581 881/8 581 882

Westdeutsche Landesbenk, 41, Moorgate, London EC2R 6AE/UK Telephone (1) 638 6141, Telex 887 984

Luxembourg WestLB international S.A., 32-34, boulevard Grande-Duchess Charlotte, Luxambourg, Telephone (352) 44741-43, Telex 1678 Westdeutsche Landesbank, BA Tower, 36th Floor, 12 Harcourt Road, Hong Kong, Telephone (5) 8 42 02 88, Telex 75142 HX

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ARAHI CHEMICAL MINISTRY LIGHTED

A distribution of \$0,4447 per dep A controllation to 30,044 ppr depointing share last any applicable taxes will be peyable on and after July 15, 1968 upon presentation of coupon no. 30 the following offices of Morgan Guar-snty Trust Company of New York in:

- Brussiles, 36, avenue des Arts - New York, 30 West Brosdway - Londres, 1, Angel Court BANQUE GENERALE DU LUXEM

**COLNAGHI** 14 old Bond St, Wi." 491 7408. Prospects of TOWN AND PARK An exhibition of View Paintings.

**Art Galleries** 

ALLANS' GALLERY - Hand Embroidered Silk.
Pictures: A superb new collection is now,
on display. Casts, homes and dogs so real
you'll want to stroke them. Lower Ground
Floor, Altans Famous Silk Shop, 58/58
Duke Street, Gressvenor Square, London,
WIN 618. Mon-Fri 9-8.45 Sat 9-1. Tet:
01-629 3781

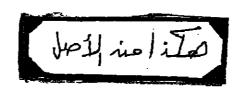
Until 20 August. Moo-Fri 10-6, Sats 10-1.

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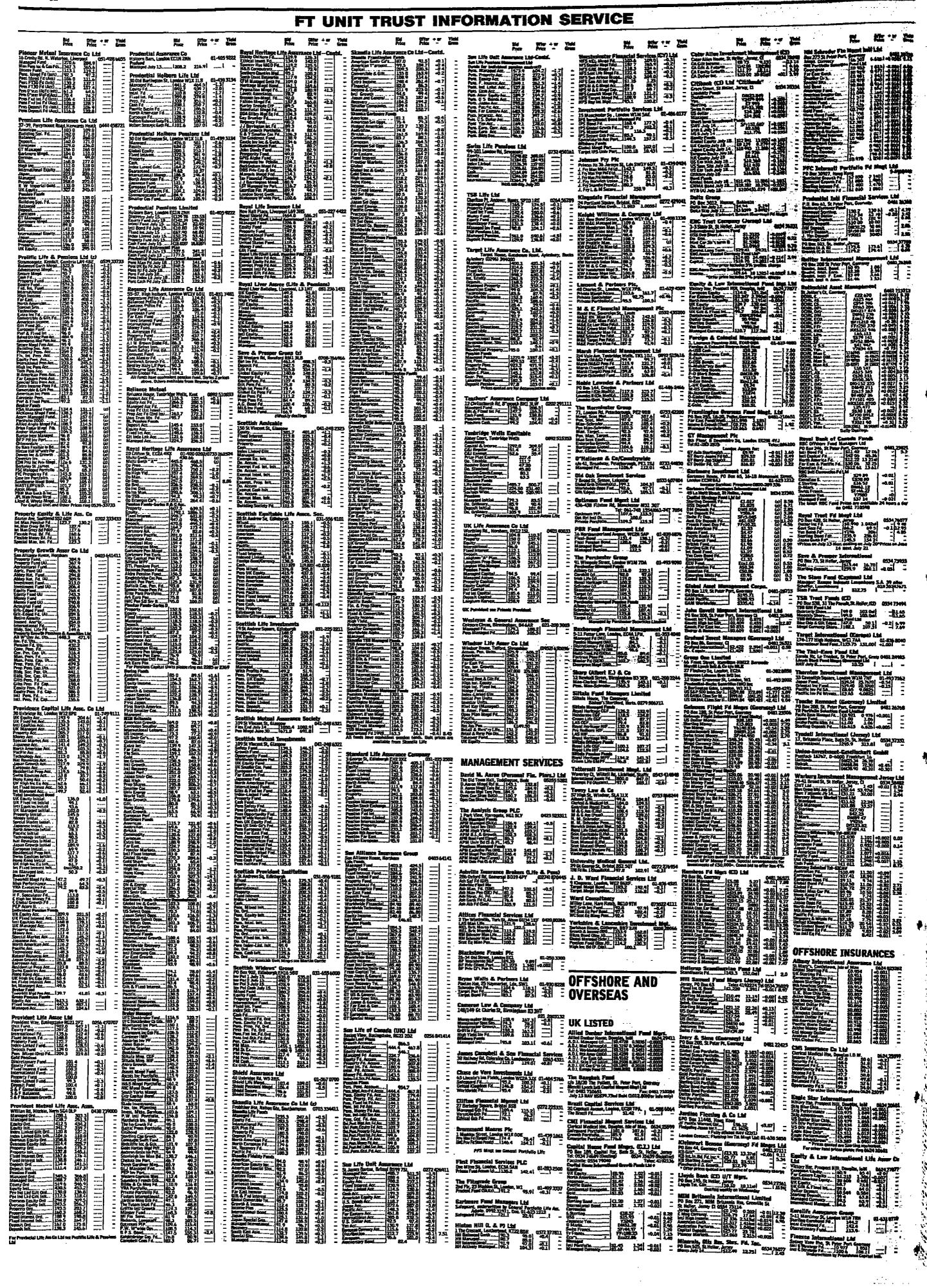
### FT UNIT TRUST INFORMATION SERVICE

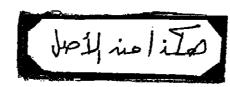
### **AUTHORISED** 0345 717373 I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO FT 30 FTSE 100 WALL STREET Jul. 1474/1483 -27 Jul. 1838/1848 -29 Jul. 2102/2114 -20 Sep. 1476/1485 -27 Sep. 1841/1851 -28 Sep. 2110/2122 -17 Prices taken at 5pm and change is from previous close at 9pm | Second | 19 | 106.30 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | 5.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.00 | -0.0 **JOTTER PAD CROSSWORD** Cufree im Port. 54:49-36 49:50 52:661 ...1.95 Confreeleration Fanse Margh List (1200)F Lystian Way, Stewarge Herts Sci. 28th 94:39 74:40:50 Forouth Fand ...54 25:21 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:79-70 16:51 32:55 94:70 94:70 94:70 94:70 94:70 94:70 94:70 94:70 94:70 94:70 94:70 94: LAS Unit Tst Mogrs Ltd (1000)H No. 6,685 Set by QUARK W wite Bond Acc ... 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(That's (12) 6 Heavy blow coming up (Scottish punishment) (4) 7 Jacket for midshipman (6) 8 Meaningless speech about place in China? (6) 11 Organised to best effect, so scored (12) 15 Intensely interested with a strong passion (5) 16 Coal left in fire (5) 18 Account for a stroke when Marin Units Stall Program Stal Sam Life of Caseda Unit Myrs Ltd (0905)H Resinceles Resinostoir (tants 025684,1414 cryptic) (8) 9 Pipe with cords in we hear (6) 10 How mince could become another dish (4.4) 12 Long journey returning in darker territory (4) 13 Specialised language head Sere Life Trust Mingrett Led (1200)#2 Sere Life Trust Mingrett Led (1200)#2 101, Cannon St. Lundon COM Schmitter (1,4) Admit 6 Em; 61-60-60-60-4 Manter Formett Acc 9: 54-30-7 American Acc 9: dismissed as gas (5) 14 Duck for the lowest reading 18 Account for a stroke when getting cutter (8) 19 I'm not above carpeting when floored (8) 21 Part of bulletin's elemenon scale (4) 17 Mediocre corn course? (3-2-3-4)20 Random sample of angry tary, it's of little value (6) 22 Apple has it so it's said (6) 26 Morale putting me off for **GUIDE TO UNIT TRUST PRICING** group (5,7) 23 I get teacher to come back The data included under the Authorised section of the FT Unit Trust information pages is being expanded to improve the service to readers and to conform with new legislation. INSTAL CHARGES These represent the marketing, administrative and other costs which have to be paid by new purchases. These charges are included in the price when the eastoner large units. OFFER PRICE Swiss Life Pob Tsi Mao Co Ltp (1990)H 99-101 London Rd, Septembs Equity Disc. 1965.8 222 9 122 31-0 412 30 Equity Disc. 1965.8 222 9 122 31-0 412 30 Fined in Dist. 2115.7 412.7 122 122 5 126 927 Fixed in Acc. 2204.2 207.9 212.41-0 779.27 for a flower (4) 24 Move re TUC passed at the the exam? (4) table (5) 27 Turn new one over to begin 25 Fly - an insect, one hears purchases. These charges are measure in the purchases. The price at which units may be bought. The price at which units may be sold. CARCELLATION PRICE The maximum spread between the offer and bid prices is determined by a formula taid down by the government. In practice, unit trust managers game a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the hid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers. That again (4) ## 1.5 | \$2.5 | \$2.5 | \$2.2 | \$1.10 | 72 | \$1.2 | \$1.5 | \$2.5 | \$2.5 | \$2.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$3.5 | \$ 28 See a part that's mixed yet detached (8) 29 About to get in a twist? Kick back! (6) 30 She gets a reward from the Solution to Puzzle No.6,684 RESTRAINT PAGED ATEMA UTE BOARD PIKESTAFF BT AEEEM. NE INUNDATION ETON STORIES FRESUA ER R CRYBABY ATTRACT CRYBABY ATTRACT CRYBABY ATTRACT LE N LP ROOK MANAGEMENT EN ER LD GR JUSTFANCY OZONE DETOMATED House (8) 31 Flat turner on one side of Time the shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: 9 - 0001 to 1100 hours: 3 - 1101 to 1400 hours; 4 - 1401 to 1700 hours; 4 - 1701 to midalyin. The letter H denotes that prices are set on a historic basis. This means that, noises there has been an intervening portfolio retaination, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset sease. pitch? (3-3) 1 Left upset in wrongdoing. Break from school needed (4-4) 2 Part of impulse carrier raise. Forward Precing The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday. Other explanatory notes are contained in the last column of the FT Unit Trust information pages. requiring cool courage to complete (5-3) 3 Girl absorbing Latin name for a bone (4)

Willan Hay



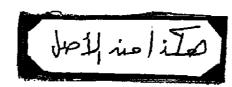
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228 - 10 3   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157   157
6.10] Gispleinenha Estatistan 1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40   1.40
## 13   13   13   13   13   13   13   13
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19   19   19   19   19   19   19   19

Accou	t Dealing	Dates
Three Destinger Jul 4	Jul 18	Aug 1
Option Doublest Jul 14	lone: Jul 29	Aug 11
Last DesRage: Jtd 15	Jul 29	Aug 12
Actional Day: Jul 25	Aug 6	Aug 22
New time deal	ngs may take	place from

ANOTHER HALF point rise in UK base rates proved disconcerting for the London securities markets which had braced them-selves for an increase of a full intentions to restrain domestic

inflation.

Early losses in equities were reduced as the leading banks lifted their lending rates to 10.5 per cent. Househuilding and consumer issues, nearest in line to suffer from higher interest charges, finally showed only minor losses. Index-linked Gilts showed small, mixed changes.

The argument for a full point rise, well rehearsed by the weekend Press, seemed confirmed when early dealings saw London money market rates signposting 11 per cent base rates. Conse-

money market rates signposting
11 per cent base rates. Consequently, the Bank of England's
signal for half point base
increases – the sixth in as many
weeks – left the markets baffled
and disappointed, as well as convinced that another half point
rise will come soon, perhaps
early pext week.

"We wanted a firm lead from
the authorities, and we did not
get it", commented one leading
trader in the Gilt-edged sector.
Government bonds ended with
losses ranging to % point.

The quandary over base rates
overshadowed the latest indication of buoyancy in the economy
in the form of the announcement
of a 0.4 per cent rise in UK retail

of a 0.4 per cent rise in UK retail sales in June. News that the Pub-lic Sector Borrowing Requirement (PSBR) was close to zero last month was expected and added little to the bond market's view of the outlook for Govern-

ment funding.

Equities opened sharply lower and extended their losses as the market awaited the base rate move. The sector showed a loss of around 20 FT-SE points when the news came, and then rallied in very thin trading.

At the close, the FT-SE 100 Index research 20 FT st 240 S ctill

At the close, the FT-SE 100 index was 12.2 off at 1849.3, still uncomfortably short of the 1860 mark, its most recently perceived support level.

As the central banks acted to cap the US dollar, several UK secretities because commented on

cap me us domar, several un securities houses commented on the outlook for the US currency. In its latest Equity Bulefing, War-burg Securities said, "the dollar's current strength is likely to per-sist in the near-term but on a three mouth view we expect the three month view we expect the US currency to come under renewed downward pressure. Warburg expects the dollar to

recover lost ground in 1969 with sterling back to \$1.70 by the mid-dle of the year, and in prospect of moving lower. Hoare Govett told chents that

Hoare Govett told clients that sentiment towards the dollar turned even more bull'sh last week following the Senate testimony of Dr Alan Greenspan, chief of the Federal Reserve Board. Hoare entitles its latest Market Update, "A one-way ticket on the dollar." However, James Capel in its latest review of the equity market says that. "Over the past two months, we have had more had news than the market has had to cope with over any similar period since the October Crash", and yet "souties are sitting comfort.

yet "equities are sitting comfortably at a level well above where they were in mid-May."

The significant feature, yet The significant feature, yet again, was the lack of business in equities. With the exception of oil shares, which sprang to life on the news that Iran had accepted ceasefire proposals in the Guif war, it was left to a thin sprinkling of speculative issues to provide the features.

Oil shares moved abead on the

our shares moved ahead on the Gulf news, with analysts antici-pating the summoning of a new meeting of the Opec pricing com-mittee. Mr Phillip Lambert of Kleinwert Grissman commented mittee. Mr Phillip Lambert of Kleinwort Grieveson commented that the re-strengthening of the Opec cartel would outweigh the implications for oil prices of increased flows of crude as Iran and Iraq stepped up supply and shipping flows returned to normal.

Government bonds were no more active than equities. Short dates opened sharply off, but steadied later to close with yields in line with the new 10.5 per cent base rates. Longer dates were

in line with the new 10.5 per cent base rates. Longer dates were also about & down, indicating some disappointment that the authorities had not given a clearer signal against inflation.

Bank of Ireland extended last Friday's rapid advance, spurting 8 more to 256p after it was revealed late in the day that Doctor Tony A. Ryan, chairman and chief executive of Guinness Peat Aviation, has acquired, "in his personal capacity", 5 per cent of the issued capital of the bank. In a statement Bank of Ireland said it "welcomes the acquisition of 5 per cent by Doctor Ryan which reflects confidence in the bank's strength and the soundness of its development strategy". But there was speculation in London about further stake-building.

building.

Ranks Hovis McDougall rose 7 in turnover of 2.1m. Dealers said there was continued buying interest after the positive Press comment of the weekend in addition to hopes that a bid from Goodman Fielder will finally be forthcoming.

forthcoming.

Speculation centred on the timing and consequences of a Goodman bid, with Wednesday morning suggested. The initial bid is expected at 455p cash and dealers

FINANCIAL TIMES STOCK INDICES

	Jaly	July	July	July	Jely	Year	19	88	Since Co	aplation
	18_	15	14	13	12	Ago	High	1000	High	Law
<b>Сотетителт.</b> Seco	87.32	87.52	87.78	87.82	87.78	90.78	91.43	86.97	127.4	49.18
Fixed interest	97.51	97.24	97.19	97.34	97.27	98.53	(1.8/4) 98.67	03/1) 94.14	(9/1/35) 105.4	C41175) 50.53
Ordinary V	2483.3	1497.5	14%,7	1500.8	1494.3	1889.6	(25/5) 1510.5	(9/1) 1349,0	28/11/47) 1926,2	(3/1J/75) 49.4
1		l	}	١, .	·	l	מקבס	(8/2)	0.6(7(87)	(26/6/40)
Gold Mines	221.I	223.7	222,0	218,1	217.5	424.8	312.5 (7/1)	195.4 0.3/5)	734.7	43.5 (26/10/71)
Ord. Day. Yield	4,49	4.49	4.49	4.48	4,50	3.04		S.E AC		
Earnings Yid. %(full)	11.39	11.40	11,40	11.37	11.42	7.40	tn	R¢es.	July 15	July 14
P/E Ratio (net)(*)	10.68	19.68	10.68	10.71	10.66	26.62		Sargueins		127.4
SEAQ Bargains (Spm)	24,570	30,026	27,640	23,962	25,385	57,964		airs,		188.1 2241.1
Equity Turnspeer (Sim)	-	1568.09	1108.74	905.87	985.17	1562.29	5-Day avera	ge ,,,,	1 I	
Equity Bargains	-	29,276	29,031	26,085	26,060	73,592		largulus 2166		134.5 183.7
Shares Traded (ml)	-	499.4	480.0	368.8	370.Q	828.2	Equity Value		2245.3	232.5
♥ Opening 10		11 a.n	. I	2 p.m.	13.0		2	13.5	<del></del>	
A 1-6	8.3	1480.		482.8	1 p. 1480		2 p.m. 1480.0	3 p.m 1479.	- 1	p.m. 83.6

Day's High 1490.2 Day's low 1479.2

LONDON REPORT AND LATEST SHARE INDEX: TEL, 0898 123001

predict an immediate counter-bid at the 4750 level. AB Foods was mentioned as a possible bidder and this was given considerably more credence than the other names of possible white knights which included Cadbury and Grand Metropolitan. AB Foods shares were unchanged at 2820. Amstrad shares were heavily traded(6.2m) and raced ahead to close a net 7 higher at 225p, after touching 227p earlier in the day. The latest burst of strength in the stock, one of the market's best performers this year, came after the announcement of a major patents agreement with

anticipation of a bid.

In later trading the shares surged afresh, closing at the day's high of 492p, a gain of 27p. Dealers speculated that a bid around the 55 level for Y&V from Ingersoll Rand might be announced this morning.

British Aerospace provided one of the day's few bright spots in the wake of week-end comment on the Rover car group deal and the recent Saudi Arabian arms agreement. Although not on last week's scale, turnover amounted to some 3.1m as the

share price nudged 7 higher to 497p. It was announced yesterday that Rover is to phase out car assembly at the Cowley Works between now and the early 1990's, while the Lianelli press-ings factory is to shut in two years time.

right accory is to shirt in two years time.

The oil and gas sector took heart from the cooling down of the Iran/Iran conflict and share prices generally made good progress in response to the 85 cents a harrel fump in crude oil prices.

There was strong warners for

The latest burst of strength in the stock, one of the market's best performers this year, came after the announcement of a major patents agreement with American computer giant IBM.

The deal was given an immediate thumbs up by dealers and analysts — "typically Amstrad, preparing its way for the future", a top industry observer said.

Tale & Valor continued to respond to last Friday's confirmation that Ingersoll Rand has a stake in addition to the 3.9 per cent holding declared by Williams Holdings. In active early trading the shares rose to 489p before drifting back to 480p. Dealers reported good new buying amid an absence of selling as investors held their stock in anticipation of a bid.

In later trading the shares surrous afterned a freely consultation and shares at the consultation of a bid.

In later trading the shares surrous afterned to the former remained 3 lower at 457p.

GUS "A" dropped 7 points to 250p. a concern about its com-

the close with LASMO settling unchanged on balance at 4579.

GUS "A" dropped 7 points to 5104 on concern about its competitiveness in the UK mail order market and abead of its annual results due on Thursday. After French mail order firm La Redoute bought just under 20 per cent of Empire Stores last week, analysts fear other big European mail order specialists are looking for similar opportunities to break into the UK market. Analysts at Warburg Securities are forecasting pre-tax profits for GUS of £380m, while Morgan Stanley's

easier at \$60p after a leading securities house lowered incurrent year profits projection.

Business in composites was again at minimal levels with Guardian Royal Exchange unchanged at 187p after the share split from 25p nominal to 5p nominal. Sturge Holdings, the Lloyd's underwriting agent, slumped 10 more to 255p ex-dividend, still depressed by reports of arealgnations by Lloyd's members.

shading 2 to 4779, while risons shed 6 to 2589.

RCI rallied to close 4 down at £10%. Citicorp Scrimgeour Vicker's analyst Martin Evens has ungraded his 1969 estimate by £40m to £1.6tm ahead of the treated figures on a core.

Boots also traded on a more lively note than most. Interest was enlivened by prospects for the group's heart drug Flosequinan, but in line with the rest of the market the shares eventually settled with a fall of 4 at 227p in a volume of around 2.6m.
Whitecroft gained 7 to 309p on the proposed sale of its Builders Merchants activities for 2.34m cash. Week-end Press mention

year-end leas before tax of £1.74m.

The banks shrugged off the general market slide and managed to hold relatively steady after a fresh batch of positive notes on the sector, the latest hike in base rates and bullish news on third world debts.

Citicorp Scrimgeour Vickers retained its stance as an "aggressive buyer of the sector", while County NatWest WoodMac said the forthcoming bank reporting season should "re-enliven the sector as underlying profits should continue to show satisfactory growth. The sector remains cheap, with Barclays and Nat-West having the strongest balance sheets and their shares appearing the most under-val-

pressure all day with Morgan Grenfell finally 5 off at 318p. Kleinwort Grieveson were 7 CONTRACTOR (145).

AMERICANS (28) CANADARS (11) MARKS (5) BREWERS (7) BUBLISHES (5) CHEMICALS (6) STORES (7) RESCRIPTIONS (6) BROWSTRALS (7) RESURBANCE (6) LESSURE (4) MOTORS (7) RESURBANCE (6) LESSURE (4) MOTORS (7) RESURBANCE (7) PAPERS (8) PROPERTY (2) SHIPTING (4) TENTILES (7) TRUSTS (7) OLS (8) MINES (10) THIRD MARKSTY (1).

stores team takes a alightly less positive line in predicting profits of 2378m, compared to 2378m last year.

Babygro plummeted 25 to 40p after the announcement that the company has agreed takeover terms with fellow-childrens' wear specialists Robert Lowe. The offer values Babygro shares at 42p, and the company at roughly 244m. The news came in on a day when Babygro reported a year-end loss before tax of £1.74m.

appearing the most under-val-

International stocks were meaciting, with dealers marking prices down, but doing little busi-ness. Beeriam held up well, shading 2 to 477p, while Fisons

by 240m to 21.6bn ahead of the interim figures due soon.

The Brewery sector featured another good performance from Whithread, down just a penny on the day to 306p as the market continued to theorise about possible changes in the company's voting structure. Scottish & Newcastle shares went ex-dividend and fell off with the wider market to 307p before a small rally pulled them to a close of 312p, down 9 on turnover was 1.6m.

pulled them to a close of \$12p, down 9 on turnover was 1.6m.
Bass had a bad day, marked down early on amid rumours that a line of stock was available. The shares ended 11 worse at 778p. While most of the regional brevers were steady or slightly worse, Vanx improved 5 to 645p on hopes that a hid might yet be forthcoming.

Boots also traded on a more lively note than most. Interest

cash. Week-end Press mention drew further attention to Creighdrew further attention to Creigh-tion Laboratories which advanced 42 to 363p, while Beaverco, still reflecting the recent results, improved 8 more to 213p. Rank Organisation, in contrast, contin-ued to lose ground, easing 6 to 718p, but volume amounted to only just over half a million shares.

R. Martin Grooms were tempo-rarily suspended at 2330, up 11, following the announcement that the company is in discussions, which could lead to an offer for

Property sector unhinged by interest rate worries, after Wereldhave, the Dutch company which announced that it held a 10.4 per cent stake in Peachey last week, offered 6120 cash for the remaining shares. The offer, valuing the UK company at 170p at one stage, ended only a 170p at one stage, ended above the lownest than most, but ended above the lownest than m valuing the UK company at \$255m, was promptly rejected by Mr John Brown, Peachey's combative managing director. After attempts to conclude an agreed bid failed isse last week, the market was expecting Werekihave to come in with a low first bid. Most observers predict that Peachey will force the Dutch to up their offer to 6400 or 650m hefore

observers predict that Peachey will force the Dutch to up their offer to 640p or 650p before accepting. Peachey finally closed 12 up on 650p.

Dealings in Atlantic Computer shares were suspended at 8 am after the group announced it had received a bid approach "which may lead to an agreed offer." An announcement is expected this morning.

Tracktional Options

John Manuders hardened a peach of Redrow peach you for the group's 7.18 per cent holding.

A quiet day in the Tracked Options Market ended with 24,153 contracts traded, of which gas, with 2,611 calls and 673 puts, and BTR with 2,073 calls and 218 puts.

Tracktional Options

Tracktional Options

morning.

GEC were immediately spoken of in the market as a likely bidder but overseas bidders were not ruled out. Atlantic shares closed at 365p last Friday evening.

First dealings July 11
Last dealings July 22
Last dealerations Oct 13
For Sattlement Oct 24 der but overseas bidders were not ruled out. Atlantic shares closed at 3859 last Friday evening.

BICC, a strong market last week, turned abarphy easier to close 9 down at 351p. British relecons dipped 2% to 243p ex dividend. Numerous firm features emerged in second liners. Northamber were keenly supported and jumped 13 to 362p ahead of preliminary figures expected today; Warburg Securities, Five Oaks, Astra Holdings, French Connection, BP, Kentish Property, Sears, expected today; Warburg Securities, Five Oaks, Astra Holdings, French Connection, BP, Kentish Property, Sears, Owners Abroad, Tuskar Resources, Stormagard, Explanar, Sound Diffusion, Norfolk Captial, Cambridge Instrument and in Helical Bar, while double options were transacted in S. Miller, A&M Group, Pleasey, Helical Bar, Trimoco and Scottish and Newsastie.

TRADING VOLUME IN MAJOR STOCKS

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FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS  & SUB-SECTIONS		Mon	day Ju	ıfy 18	1988		Fri 181 25	The Jul 14	Wed Jul 13	Year agb (approx)
F	igures in parentheses show number of stocks per section	Ladex No.	Day's Change	Est. Earning Yield% (Max.)	Gross Div. Vield% (Act at (25%)	Est. P/E Ratio (Net)	rd ad). 1988 to date	Index No.	(adex No.	ladex No.	Index No.
_	CAPITAL COODS (208)	892.32	-0.6	9.97	3.94	12.62	14.96	807.2	285.23	889,36	1927.14
-	Building Materials (29)	1802.52	-0.9	11.23	4.22		18.65	1011.60	1816-69		1336.15
	2 Building Materials (29)	1556,67	-0.9	10.53	3.46						
4	4] Electricals (12)	<u> </u> 2176.19	I -43	8,68	4.58						2733.A5
- :	5  Electronics (31)	J1759.76	1.04	9.66	3.36					1768,65	
•		426,62	-6.7	9.55	4.10	12.98					
	Metals and Metal Forming (7)	595.68		9.19	3.70	13.42					
		284,44		11.51	4.52	10.87				285.19	
10	Other Industrial Materials (23)	1093.81	-0.9 -0.8	8.86 8.99	4.22 3.58	13,46 14,65				1334.73 1104.68	
21	Brewers and Distillers (21)	1205.00	-11	10.75	3.56 3.68	19.85			1114.86		
	Food Manufacturing (22)			8.74	3.64	14.64				1001.59	
		2097.55		8.64	3.32	15.32				2068.41	2585.66
27	Health and Household (12)	1866,89		6.67	2.61	17.41	17.98				2441.53
2	I plante (30)	7335.66	زعمه ز	2.59	3.73	14.65			1347.20	1354.45	
31	Packaging & Paper (17)	525.88	-85	9.26	3.83	13.88		528.61	538.51	533.50	725.79
32	Publishing & Printing (18)	3485.95	-85	8.18	4.38	15.43	72.37	3543.81	3518.33	3520.67	4549.69
34	Stores (34)	808.35	-1.1	20,22	3.98	12.91	14.57	617.61	813.93	818.85	1141.54
35	Textiles (17)			11.41	4.50	16.29	12.51	629.64	687.28	697.19	839.47
40	OTHER CROUPS (93)	903.24		10,64	4.32	11.51	17.30	933.27	914.31	915.82	1169.45
41	Agencies (19)	1166.33	-12	7.52	2.34	16.79	15.71				1782.48
42	Chemicals (21)	1886.77	-0.6	22,22	4.52	10.97	24.96	1893.63	1088.23	1092.98	
43	Conglomerates (1.3)	3217.92	-8.4	10.31	4.48	11.17	29.98	1222.18	1218.81		1515.83
	Shipping and Transport (12)	1987.26	-0.6 -2.4	11.22 11.52	4.69 4.61	11.80	39.94 20.38	1918.98 989.42	1925.93 994.14		2473.95 1122.68
		1184.96	-05	11.45	4.35	9.97	28.93	1198,69	1198.59		1688.31
	INDUSTRIAL GROUP (488)	978.42	-0.8	9.76	3.88	12.76	16.74	986.46	987.01		1241.27
						11.12			بخند		
21		1834.26	+0.5	10.88	5.79		39.80	1827,66			2398.95
<u>59</u>		1051.28	-0.6	9,92	4.15	12.62	18.74	1058.00			<u> 1345,96</u>
ы	FINANCIAL GROUP (121)	709.27	-0.5	}	4.80	1	15.33	713.28	714.73	719.65	878. <b>9</b> 7
ż	Banks (8)	684.51	+0.2	20.91	6.13	6.41	18.03	683.32	683.67	488.53	895.47
Ş		1051.17	-0.7	- 1	4.77	- 1	24.97	1058.51			1167.28
é	insurance (Composite) (7)	349.67	-8.9	[	5.39 6.30		13.82 31.54	554,13	5553 1818.63	57.88	664.97 1383.80
7	Insurance (Brokers) (7)	1010199	-05[	9.53		13.56		1015.84	363.13	1912-98 342-71	1983.59 585.57
8	Merchant Banks (11) Property (50)	757.57	-1.1	5.08	4.02 2.65	25.26	7.83	343.37 1227.40			<i>3003/</i> 1312.92
23	Other Financial (30)	202 07	-0.3	9.99	4.82	12.54	9.27	392.44	394,62	395.42	690.67
_	Investment Trusts (78)		-0.7	<del>- 2.77}</del>	2.94		12.04	933.50	954.87		1134.52
מ ט	Mining Finance (2)	517.67	-0.9	9.26	3.63	12.22	8.32	522.19	522.71	528.39	611.75
ñ	Overseas Traders (8)	1169.28	-1.1	9.85	4.78	11.93		1182.31		1180.35	
	ALL-SHARE INDEX (709)	962.52	-9.6	<del></del>	4.21		17.40	948.55	969.47		1219.82
4	Manufacture Transfer Ft & 54 minutes and						:::,				
-	i	iodex No.	Day's	Day's	Day's	Jai 15	ᆅ	1=	Jel	ᆁ	Year
		1849.3	-12.2	High 1852.1	1841.5	_=_	14	_13	12 1858.5	11	290

	FIX	(ED I	NTE	RE\$1	Γ			AYERAGE GROSS REDEMPTION YIELDS	Mon Jul 18	Fri Jul 15	Year ago (approx.)
_	PRICE INDICES	Mon Jul 18	Day's change	Fri Jul 15	xd adj. today	xd adj. 1988 to date		British Government Low 5 years	9.76 9.51 9.26	9.68 9.51 9.25	8.51 8.98 9.00
1 2 3	1	119.49	-0.12 -0.04	120.12 135.75 146.74 162.66	0.20	6.75 7.69 6.88 7.30	8 9	Medlem 5 years	10.26 9.74 9.45 19.36 9.91 9.53	19.18 9.73 9.45 10.28 9.90 9.53	9.09 9.21 9.21 9.24 9.34 9.14
 6 7	All stocks Index-Linked 5 years Over 5 years	132.94 127.56 119.23	-0.13 -0.05 +0.10	133.35 127.63 119.35	0.24	7.38 1.12 2.13	10 11 12 14	Index-Linker Inflation rate 5% Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10% Over 5 yrs. Inflation rate 10%	9.82 2.87 3.91 1.78 3.73	9.75 2.84 3.93 1.75 3.75	2.33 3.73 2.08 3.68
_ <u>9</u>	All stocks  Otherland & Laurs  Profession		+0.94	119.48 117.67 93.03	0.22 0.05 0.12	2.04 6.52 3.43	15 16 17	Deks & 5 years Laurs, 15 years 25 years	19.87 19.82 10.82	16.84 19.80 10.80	10,67 10,67 10,67
		1					,·	m 1843.0; 2 pm 1843.1; 3 pm 18	9.69 43.8; 3.3	9.67 0 pm 184	

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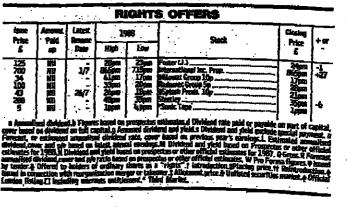
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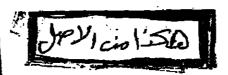
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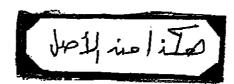
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### **WORLD STOCK MARKETS**

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risterg 1.000 to Hamielshark 400	130	Valeo	1500	H	Salpent	2,060		Barnes Property	1735	捻	1		
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M Dakke Kee 1303	H_	1		=					12 380	<u> - 10</u>	Abertom	3.25 10.8	l
12 Aglatik 212 17 Holding 222	- <u>- 3</u> 5	1			NETHERLANDS			Dragades	9	ы,	Allied Tech	97	1=
	(# <u>2</u> 5	CERNANY		-	July 18	Fis.	+#-	berduero	132	fii:	Auglo Am Coal	43 55.75	-0.5
ste Bank	J			·	ACF Holding			Petroleos (ClarEca)	132 500 201.2	-135	Anglo An Corp	55,75 256	H025
rhotbanker	1-13	July 18	Dep.	+ # -	AEGON	53.80 84,00	F63	Telefanica	1201.2	H3.4	Angio Am Gold	2275	<b>-615</b>
phus Bercausen 887.5	46.5	AS	507.5	40,2 T	Abold	89,20	+0.9	1			Buffets	5575 5.4	1
perks	1-25	AHLDEZ AL	148	<u> </u>	AKZŠ	134.30	받	SWEDEN			CHASEII	5.4 4.05	
		Baser	7433 7832 7845 785 785 785 785 785 785 785 785 785 78	#0.25 11.14 01.16.5055 21.55 21.55 22.55	AMPV	89,20 134,30 44,90 54,40	+0.3 +0.9 +1.2 -0.1 -0.8				The Reset	41	40.05 40.25 -1.75
MLAND	·	Bayer	343	H.	J AMRO	[74.20	103	Jely 18	Krener	+ 97 -	. 1 Orielaateia	33	H.75
dy 18 Mika	+ 01 -	Bayer-Verein	探	F62	Borsand Webry Buebringen-Tet	100.00 52.40	جلا	AGA B (Free)	190 .		First Hat, Bank Free State Cons Gold	33 14.75 31.5	
211.5	10.5	BUW	影。	G ₅	I Bootische Petroleum	214.70	135 144 144 144 144 144 144 144 144 144 14	ASEA 8 (Free)	416	150	Free State Cots Gold	ديد .	-0.5 -0.5
easth Sector 61	H2	Brown Bover!		10.7	Elserier Ride	\$3.00 27.60		I Adra S (Fee)	掘	1.5	Highreld Steel	54 6.4	
OP   72.8_	9.45	Commerciaek	懿	133	FOR THE	29.60	62	Atlas Copco A (Free)	1212		Malcor Hidgs	17.75	≕
256.5 Managa 135.5	35	Coolinestal AS Dalester-Bezz	念	많	Sist Brocades	35.00 146.70	-87	LECTORE B (Free)	公	+2 +1	Neshatk OK Bezaars	6.15 31.4	-01
dd 179.5			1338	H2 3	Hoogovers	5330		Ericasca & (Free) Esseite & (Free)	25 20 20		Remirandi	16	1
-Marker 127 € - 1910 €	+0.35	Deutsche Babcock	17L8	-0.2	Hunter Doubles	159.76	<b>⊢01</b>	1 Mo Och Dom B Free	1395	1-1-1-2 1-1-1-2 1-1-1-1-1-1-1-1-1-1-1-1-	Rust Plat	39.5	-0.5 +0.5
estra Repola 34.2 nekmana 8 235	10.55	Deutsche Bank Dresder Bank	四.	1-11	THC Calland	18.10	H07	) Pharmacia B (Free)	395 164 195	112	Spirmarios & Res	22	
35.75	+0.35 +0.55 +0.2 +0.2 -1	Feldmuskia Mobel	器。	12.	ist Maeller	37.80 37.80	01 03 05 02	Saab-Scaola B Free	195 201	H2	Sage Holdings	16 395 22 12 20 44	175
d. Paner Pri   135.5	-1	Hedel	450元	Ηē	KIP	1158.2	+0.2	Scanda (Free)	1226 -	1=	Smith (C.6)	44	025 10.25
226.5 (للله طلوح	H2 -	Rocktief	437	H2	Hat Had Cort	64.50	1-0.5	البنا يكمهنا؟ أ	1760	]	Tongast Hulett	13	l
• •		٠.											
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	<u> </u>	<u> </u>			<u> </u>						<del></del>		
ADAN											AUSTRALIA (conti		
APAN								·			RUSINGLE GUER		

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JAPAN		<u> </u>	· · · · · · · · · · · · · · · · · · ·		<u> </u>	(2.4. 25		<u> </u>	( <del>1 </del>		AUSTRALIA (continues	D
	Yes	+#7-	July 18	Year	+ 87 -	July 18 Ripport: Metal	Yes	+=-	July 18 Yes	+ 87-	July 18 Am	
Afrestoto:	2.870	<b>5</b> 29	Jases	12,050	l 1–50	Minnes Mari Desk	755 1,840	-30 -7	Teljis	14 .	Lead Leave 1A.	
All Nippon Air	1,750 1,850 1,200	+10	Kajima	1786	<b>436</b>	Wippon Mickey	639		Top Hengo Kyo 1,800 Tobishima	-10	Mili	1 +0.08 4 +0.16
Amadi	11.600		Kanebo	1,360 1,700 650 960 3,150	<b>≓</b> 50		1000	-20	Toho	[	14.2 American 14.2	8 11142
Acdo Construct.	867 2.380	동숙성하	Kaneyarucki Chen Kansai Elect Power	3,150	· 무사무무무무무	Nippon Sanso	800 901	20	Tokai Back	_19 ⁺	Hers 11. Hozarda Pacific 0.8 North Elia Hill 3.4 Caktridge 0.2	4 +0.01
Acritsu	1 010	70	Kansal Paint Kao Corp	722 1.690	閊	Hippor Sh Glass Hippon Shiospan	949 1 110	1-15	Tokio Marine 1,800	19 -15 -15 -10 -10 -10 -20 -10 -20 -10	North Blan HIII 3.4	+0.02
Arabisa OF	6,000 1 030	+100	Kashiyana Kanasaki Heny	1.690 1.840	-10	Mosco Steel	754	15 40 40 45 15 15 140	Tokyo B'casting	<b>136</b>	I Daeliic Dunion 147	7 MID 1
Asabi Glass	1 000 1 000 1 1 00	1200	Kavasaki Steel	認	屉		754 765 858	-15	1 10070 CHEVTED 12,700	+40  -30	Practet   23   23   24   25   25   25   25   25   25   25	
Bank Tokyo	1.550	T10	Kittomas Shoye Kinki Elect	1110 2640 1850	-80	Nippon Yusest	738 1,240 2,010 1,440 940 1,310	15	Tokyo State 2,640 Tokyo State 3,860	-20	Placer Pacific 2.3	
Sanya Pharm	1.550 1.390 1.300 795	-26 -13 -13 -13 -13 -13 -13 -13 -13 -13 -13	Kirin Bressery Kobe Steel	1,850 615	-60 23 20	Mocel Sanovo	2,010		1.Teksp.51982		Queenstand Coal 1.2	8 -0.02 1 -0.01 3 +0.03
Brether lads	795	5	Kelte Mie	3.270	F26	Misship Floor	1,440 940	120	Tobas Com 11 100	-20 -15 +10	States 4.3 Smith (kL) 3.2	B 140.05
Calols Food	1,420 1,300	-30	Kolayo	3250	188	Nisshipho lada,	1330	-30 -20 +20 +1	Taksu Land 1915	-15	Thes statutide	5 1401
Canon Sales	3.180	410	Korakus Staffen	1,700 5,750 752 968	<u>20</u> ∶	Nitto Boselo	3,720 715 3,650	₽°	Torav		V=====================================	
Casio Computer Central Glass	1,250 805	ජ	Kubota	752	11 22 22 22 22 22 22 22 22 22 22 22 22 2	Norman	346	90 -20	Tockiba Elect	10 49 11 47 19 19 19 19 19 19 19 19 19 19 19 19 19	Westone	6 +0.2 4 +0.08 7 +0.01 0 +0.1 5 +0.05
Chhoda Chem	805 830	58. 128. 138.	Kumagal-Gami Kuraray	1450	<u>-22</u>		1.030	1420	1 Toto  2.069	-10	Woodside Petrol 1 R	7 1001
Chaba Elect Per	3260 1500 877	160	Korojna Charalcal	1770	120	Odakye Elet Riy Obbayashi-Genti	845	Tis :	Toyo Chestract	4	Woolworths	5 +0.05
Cillago Watch	879	-11	Kyutaru	1,770 1,880 5,340	H60 +120	Oil Paper	1320	19 19 19 19 19 19 19 19 19 19 19 19 19 1	Topo lak 874 Topo Rabber 667 Topo Selkan 2,630	3.	HOME KOME	
Daicel Chemical Daido Steel	900 778	<b>塔</b>	Kyowa Rakka	530 الكرا	HZD	Cleans Mach	1 120	-16 -44	3 Tayo Sada	F8	July 18 H.N	\$ + m-
Daiel	778 2120	30		1,950	i+10 -	Olympus	<b>多</b>	T	Toyeta Netter	H10	Bank Fact Arth 18	60 L01
Daikin inds	2910 1,130	f	Marda Construct Makino Milling	1,210 840	-20	Onoda Coment	948 5,490	24 309 30 50 -13	United	5-	Cathy Pacific 8.8	5 40.05
Dailyo Kento	2 690 810	-5"	Makila Etta WK	1720 . 145	+30	Orient Lessing		-30			Chesing Kong 8.1i China Light 18.	00 <b> -</b> 0.2
Dai Rippon lok Dai Rippon Pty	2,410	<u>-</u>	Marekel	1,220	F-0	i Orient Leasing	3.150 611	邙	Victor	- <del>40</del>	Everyo	} <del> </del>
Dalshowe Paper Dalwa House	1.890 1.750 2.350	200	Ward	1220 2300 2570	+30 6 40 -70 +20	Perta Sceni Cos	836	i –	Marani	I,	Hang Lung	59 [
Dalwa Sec	2.350		Major Fleck Wits	1,980		Ploces	3,080	H20°	Yamba	23	i Hoseksee Chira i 17.	50 <del> -</del> 0.3
Does Mising	3.450 700	و ا	Mazda Motors	720 999	选	<u> </u>	969	<u> </u>	Yanaichi Se: 1,800 Yananochi 3,740 Yanaishi B'yueli 1,730	133	HK Electric 7.5 HK Land 8.2	5  -0.05
Ebera	956	10	Medi Salka	936	ၽ	Ricok	1,260 2,490	200	Yamaiake if yorki 1,730 Yamata Traes 1,429	<u> </u>	#K Standari Back 16.15	L <u>L</u> 026
£22ki Gillo ,	1.930 1,200		Minotta Camera	999 936 1,010 905 1,760	+2 -21 -17 +10 +10			1-60	Vanarrahi Rabba 11.440	<b></b>	SIK Telegrament	5 1437 I
Fage	5.860 2.880	160	Missaug Houses	280	\$	Sanityo	1,860 1,360 4,700 2,410	+70	Vacalogo Flort 829	4	Hetchisen Wps	
Full Electric	2.999 :	2	Minishi Chell	1 150		Santa	2,420 ±	48	Yasakawa Elest		Jardine Math	io HOI
Full Bank Full Electric Full Film Full Heavy led	3-580 990 1-240 1-760 1-750	40	W Vishi Elec	976	+12	Samin Back	87D	138	Yusa Battery	1.19	111 Day 1 (11)	
F tyleora Cable	1.240	+¥0	M'bishi Estato M'bishi Gas Chem	976 2,290 782 995	<b>∄</b> 0 :	Secon	1.650 6.160		AUSTRALIA	·	Stell Elec Mfg	· 7-62 '
Falkson	1,710	130		995	25 40 4 1 22 25 40 4 4 22 25 40 4 4 22	Seign Stores	2240 1180	1888 1888 1888	July 18 Aust\$	+#-	TV-8	
	831	H	N'olshi Metali M'olshi Min Cot M'bishi Oli	901 678	F2 .	Sekishi House	1596 960	F30	AFP  1.06	+0.01 +0.2	What Hids 8.25 Winter led 9.85	5 1-40.1 I
Gon-El Chem	1810	걟	M*bishi OII	777 284 1,570	<b>1</b> 22	Sector Paperheard	7.310 1.260	<del> -</del> 60	Adelaide Steams 7.10	10.2	World intil Bildgs 3.66	i 1-0.12
G822*	1,090		M'bishi Paper M'bishi Petchen M'bishi Petchen M'bishi Piastics M'bishi Rayon	1,570	7	Shimize Construct	1,250 961	13	Arlades Aust (8 24	0.01	SINGAPORE	
Hasegawa Kom Hattori Selbo	1.130 2.150	-36 I	M'histi Pasvos	75 75	-20	Ship-Elay Chain	961 1870 1,640 1,760	- 190 H	Askton 1.60 Aest list ink 2.00 AMZ Group	-002	July 18 S\$	+ 67 -
Helma Real Est	1.660 1.030 4.950	-‰	M'bishi Tst M'bishi Warehite,	2,750 1,550	136	Salatido	1,760	120	ANZ Grosp	+0.16 +0.07	Boostead Hides 1_56	
Hirose Electric	4,950	- <del>7</del> 0	Mitsul Bank	2.190 910	<b>1</b>	Shows Alumbrian	903 933	150°	Bell Resources	L-0 01 2	Cerebos Pacific	
Hitachi Cable Kitachi Cable	1,780 1,060 1,500	-20	Mitsul Co	712		Snow Brasel Milik	1270 5330		Boat Carp Hidgs 2.30 Tiorai	1005	DRS	المتعدا
Hitachi Creffit	1,500	-20 -10 -40 -20 -60 -20 -30 -46	Milisti Peichem	1,450 1,940	- <del>10</del>	Startly Electric Sumitors & Rice	1 070 -	 	8'ville Copper 4.40 Brambles lais 10.60	#0.12 #0.3	Granting   5.85	F01 .
Hitachi Melais	2290 1.170		Militard Teaster i	885 901	-15	l Santteiro Back !	865 3,220 666 1,120	129	Rridge (till	40.01 40.14	Harr Par Sres 3.60 Hong Leong Film 2.80	: Lan7
Hotel	705 705	-30 -130 -154 -154 -154 -154 -154 -154 -154 -154	Milisakoski	1.690 1,170	+ <b>6</b>	Sumitomo Coment	666	13.	BHP 8.62 BHP Gold 0.88	+0.01 +0.01	Sections Blad	1-0.05
House Food ind	1.960 · 2.200	[20]	Mitselini Elect	1,170	<b>!</b> .	Sgraftomo Corp	1,090	F36	\$125 PM\$ 3./5	H-0.82	Malayae Banking 5.2	5 HQ15
Regard Toesh	1.810		Mochida Pharm	1.400 4.660 820	-80 -16 -60	Sumitomo Elect Sumitomo Heavy	1,090 1,440 725	-30 -10 -8	CSR	1011	Maleysa Utal Ind 1.6.	<b>.</b> I
Jack Runk Jacks	3.190	-100	Mortings Wilk	820 2,720	123	i Continuo Marint i	7,120	-io	Charge Corp 1.02 Clargement Petro 0.31	+0.05	OCSC	
ishikara Saagyo Ishikara Saagyo	2,050 753		MFC	2.140	<b>⊢2</b> 0	Sumitano Mel. In Semitomo Mel. Mag	636 1,420	동방당나남	Codes Mostr	HOLI	Dublic Book 11 36	10.05
(chilorofilma Ha	1,040 738	19 1	NEK Intertors	1,100 1,240	-19 -5	Supitomo Realty Supitomo Tr & Bt	1,280 2,780	ぱり	Complicated Pet 4.85 Complicated Pet 0.26	181	Singatore Air	MA 1+0.2
Stables	Ren	-100 -30 -15	MKK Corn	715	<b>⊢</b> ₹. i	Suzaki Motor	789	H d	Costain Aust	10.0%	Shrpaport Press	
Ito Yokado	1,400 4,110 992	-100	Mileo Ceneal	800 848	-15 - 1 +1	TDK	4,300	<del>15</del> 0	- Language 1945	10.05	147 TEL DESK 17-74	40.08 40.06 40.2
	992 13.500		Nifigata Eng	840 590 1,880 1,350	-80 ·	Taisti Corp	875 1,050 1,900 642 1,350	<del>,</del> 70	Gen Prop Frest 2.92 Gentinan Fielder 2.70	10.05 10.05	UOB	H0.2
	1,200	+100 +10 +7	Nithon Corp	1350	=-	Taislag Places	1,900	最初や数	Harrise (J)	+0.85	WITTER Below on the cons	
Japan Radio	1,600 708	<del>.40</del>	Nippon Denio	7 730	-10	Talyo Fishery Talyo Kobe Bank	1,350	Po d	10 deret 6.88	10.08	NOTES - Prices on this page the individual exchanges and prices, but manualizable, if Des	are last trades
Jap S Battery 1	4486	+3 1	Nippon Caldd	2150 2770 1210	1898 <b>9</b>	Takara Slasto		18	Junes (David)			BANGS SESPERATES.     Dec. 30° Ex rights.
Japan Synth lithr	1,1290 1918	- <u>30</u>	Rippor Kayara	1,210	+26	Tanabe Selyakor	1,950	I-40 I	Kia Ora Gold 10.35	1 1	za Ex all.	
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INDICES

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		,-		•	-· ·							
NEW YO	RK		DO	w JC	NE	s ·						
•	jug	J## .	Jol	<b>Jul</b>	ŀ	19	65	1 4	Since compliation			
	15	14	B	12.	144	ph.	Low	1	ilgh ,	Low		
Hodestrials	2129.45	2)13,62	2104.37	2092.64	215	<u></u>	1879.14		22.A2 (8.87)	41.22 (277)20		
Home Bonds	88.58	88.57	88.94	893	9	<u> </u>	20/1) 86.12	15	- '	41/120		
Transport	892.77	888.14	887.69	162.62	90	45	劉		07.76	12.32		
Wii( <b>is</b>	179.65	179.05	178.82	177.99	120	7) (02 (1)	167.26 (20/4	2	船	097 (52) 10 50 094/32)		
40ay's High 2116.47	(2120.73	Inv 20	70.06 12	181.97)								
STANDARD AND PO	18'S ·	٠.										
Composite #	271.61	270.26	269.32	267.85	275 225 328	.66 61	242.63 20/1)	1 /25	阙	0,6220		
Industrials	314.38	312.17	301.12	309.71	噩	54   63	277.86	l级		22,652) 8.64		
Fignelals	54.81	24.67	.₩51	24.25	24. 130	92 (a)	(8/1) 37 27 50(1)	1 3	243 (6)87)			
NYSE Composite	153.49	152.76	152.27	151.62	竖		136.72	125	7.99 (8/87)	4.46 (25/4/42)		
Arrex Mks. Value	309.02	308.14	307.66	307.32	100	33.	20/1) 242.76 02/1)	13	(8/87) 5.01 (8/87)	25442) (91272)		
HASDAQ OTC COMP	34167	394.67	393.56	393.50	300	is n	33.97 32/13	1 4		34,87 01/18/72		
	لحتسا	الله ا	. B	Jul	<u> </u>	تب	0 24	<b>348</b> 1	290 G	upirox.)		
Dow Industrial Div	. Yield		55	3.31		. 3	49		2.80	)		
			. 13	July			a 29	75		pprux.)		
S & P Industrial dR S & P P/E ratio	. yleid	1 10	72	3.07 14.2	•		118	<u></u>	240 23.2	<u> </u>		
TRADMIC ACTIVITY		<del></del>	† Volum	• 1			. N	W 101	16 14 18	ا 13 اينال		
		Nioes			i Temat	aded .		37	1.946	1,945		
		114	Jul 13	-   [	""		_ 7	35	(3	1,946 771 663		
Armer	9,710 I 9 <u>16</u> 0	24四	218.93 8.31	1	ر المارين المارين الراز الرياز	ed		33	翌 2 1	5 <u>12</u> 19		
	6.376 )	30.200	135.72		فاحا	MS	<u> </u>	<u> </u>	11	13		
CANADA		i e		w 1		ľ		198	8			
FORONTO -	الله 15		- 1 '	.	12	-	Web	7				
Jetak & Minerals	: 3231	0.6 31	i0.8 3	131.9	8134.0		2105 (15/ 456.6 (8/			7 (8/2)		
omposite management	344				3417.5 440.92		90.84 (17)	_		36 t27TU		
WINTREAL Portions	1470	#4 167	9.06 1	- Lree				_ 1		<u></u>		
NEW YO	-					Kε						

	29J			(		88
	狼	15	14	13	掛蛛	Low
AUSTRALIA All Ordinates (1/1/80) All Mining (1/1/80)	1642.5 840.4	1623.6 828.4	1616.2 822.9	1620.4 824.8	1642.5 (18/7) 842.1 (20/6)	1170.7 (10/2) 532.4 (10/2)
AUSTRIA Creat Abbes (30/12/64)	187.63	186.70	186.19	186.19	187.63 (18/7)	163.98 (11/2)
BELGIUM Britisels SE (1/1/80	4895.8	49121	4919.5	4932.3	5043.1 (9/3)	3668.35(4/1)
DENMARK Coperhages SE CI/1/639	223.29	223.93	223.92	222.76	226.57 (6/7)	190.68 (4/1)
FINLAND Unites General U.9750	747.Ò	741.9	740,8	739.5	747:0 (1877)	530.6 (15/1)
FRANCE CNC Scores (31/12/82) Ind. Tynderce(31/12/87) ,	955.3 130.9	354.1 132.7	2	131.8	368.5 (8/T) 137.6 (7/T)	25L3 (29/1) 89.7 (29/1)
GERMANY FAZ Aktien (31/12/58) Commerthank (1/12/53) DAX (30/12/67)	69 1493.1 1179.74	491.60 1494.8 1191.13	499.35 1498.1 1187.21	463.20 1467.2 1172.86	495,78 (8)7) 1507.3 (8)7) 1199.96 (5)7)	396.40 (29/1) 1207.9 (29/1) 931.18 (28/1)
HOMS KONG Hang Salig Bank 232/7/640	<i>#</i> 11. <i>\$</i> 7	2740.70	2792.16	274.25	2772.53 (12/7)	2223.5% (8/2)
MALY Basica Coss. Rail (1972)	520.45	510.24	507.58	510.02	545,107 CLB/29	423.91 (9/2)
(APAR** (Bible) (16/5/49) Tolgo SE New (4/1/46)	27662 12 2166.96	27913.79 2136.12	20064.08 2196.88	29029.10 2197.97	28342,46 (17)6) 2219.98 (15)6)	21217.04 (4/1) 1690.44 (4/1)
NETHERLANDS ANP-CRS General (1978) ANP-CRS Industrial (1978)	270.1 227.2	266.15 224.5	266.3 224.2	265.1 223.5	2001 (18/1) 227.6 (18/1)	205.7 (A/I) 157.9 (LIA)
MORWAY Osio SE (4/1/83)	414.09	4323	408.09	405.98	416.18 (6/7)	327.78 (28/1)
SINGAPORE Straks Times led. (30/12/66)	1146.98	1130.76	1118.02	1104.1 <del>5</del>	1346-28 (1875)	853.60(4/ID
SOUTH AFRICA ISE Cold (28/9/78) ISE bullet by (28/9/78)	1385.0s 1751.0s	1399.0 1754.0	1421.0	1402.0 1735.0	1451.0 (777) 1755.0 (877)	1154.0 (4 <i>5</i> ) 1387.0 (1272)
SPAIN Main's SE (20)12/859	24.6	291.58	295.15	295.65	301.63 05/60	225.50 (4/1)
SWEDEN Sacricon & P. COL/12/760	<b>3628.8</b>	. 60	30221	3029.4	3037.3 OST71	2145 (4/1)
SWITZERLAND Swiss Bank Ind. (31/12/58)	251.1	549.6	549,2	507.8	5553 OT/JU	466.6 (13/D)
WORLD W.S. Capital het. (1/1/10)	6	344.6	441	40.6	465.2 (15Ab)	401 0 121/13

### CANADA

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pięs.	Stock High Low Close Chag	Sules Stock High Low Close Ching 6700 Con TVX \$8 ¹ 2 8 ¹ 2 8 ¹ 2	Bales Stock High Lour Close Ching SECS Lebillar Co S111g 11 11 - 1g	Sules Stock High Low Close Ching 200 Sellish A 1 523 23 23
	TORONTO  Closing prices July 15	500 Creum Gas \$23½ 23½ 23½ - ½ 22 Conwet B ქესენე:	\$300 Lonwest \$77 ³ s, 17 ³ z, 17 ³ s + ¹ s; \$825 Lumonicu \$5 5 5 \$00 MD\$ B \$26 26 26	2700 ShawC B 1 \$10 97, 10 + 1, 26575 Shell Can \$41 1, 404, 411, + 1,
voteš	ions in ceas unless marked \$.	1500 Corby A \$19 19 19 19 200 Coscan \$11 1 ₂ 11 1 ₂ 11 1 ₂	17800 Mac Kentrie 480 475 480 149700 Medan H X 5713 113 113	329490 Sherrin \$11 1 10 2 10 2 + 32 500 Sieo \$10 4 10 4 10 4 1
1076	AMCA Int 490 455 490 Abbibl Pr 5217, 21%, 21%, - %	4041 Crower A 1 SSJs SJs SJs SJs	55161 Macmillan \$20 4 20 20 4 7488 Magna A f \$14 4 14 14 14 4	384723 Southern \$21 29 \( 21 27 \) 2760 Spar Aero ( \$19 \( 19 19 - \( \)
3400	Acklands \$16 ¹ 2 16 ¹ 9 16 ¹ 3	1500 Denison A 35½ 5½ 5½ 2406 Denison B I 35¼ 5¼ 5¼ 2900 Dictoren A I 57 6½ 7 ± ½	2506 Maritime 1 \$154, 154, 154, 4	5000 Steinby A f 532 32 32
5899	Agnico E \$17 17 17 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	! #2480 Dolesco \$293, 293, 293, + 3	52157 Meri, Rés \$10 93, 93, 65300 Mc Insyre \$743, 743, 743, - 32	78975 TCC Bev \$71a 7 71a+ 1a
18725	Alten 1701 201 20 + 4	226944 Dome Pete 133 132 132 2 9048 D Textite \$164, 164, 164,	4000 Memoise 214 1 14 1 14 1 14 1 1 1 1 1 1 1 1 1 1	262256 Teck B 1 \$18 15% 15% 15% 1 6700 Terra Mn 77 77 77 + 3
3500	A Berrick \$23% 23% 23%+ %	13600 Domier \$14% 14% 14% 14 4 1 7 100 Du Poet A \$28% 28% 28% 28% 1	100 Minnova \$22% 22% 22% = 1, 20900 Mitel Corp 262 260 262 = 3	1801 Texaco Can \$33 % 33 % 33 % - % 9347 Thora N A \$28 27 % 27 %
<b>6200</b>	Alco     \$8½ 7½ 8½ - ¾	650 Dylex A \$10 k 10 k 10 k 25480 Echo Bay \$25 k 24 k 25 - k	30750 Melson A 1 \$25 1 25 1 25 1 1 1 1 1 1 1 1 1 1 1 1 1 1	136654 Tor Dra Bk \$32 to 52 to 32 to
4725	BCED 390 380 380 5	1 1400 Emen \$13 13 13 - 4s	\$7660 Moore \$30°4 30 30 997962 Muscocho 420 400 405	580 Tor Sun \$22 22 22 10129 Total Pet \$21½ 21½ 21½ - ½
5400	BC Sugar A \$28 27% 26 BGR A \$11% 11 11% + 4	9600 Enfield \$8% 8% 8% - 4	50880 Nat Bt Can \$11 103 11 + 1 100 N Business 272 272 272 - 1	228618 TrnAtte U \$13 \( \frac{1}{2} \) 13 \(
<b>(882</b> 1	BP Canada 319 2 19 19 2 2 2 Bk Mood \$29 2 27 28 + 4	9500 Enited \$8% 8% 8% 4% 12550 EquitySv A \$5% 5% 5% 5% 5% 5% 5600 FCA httl \$8 8% 8% 5% 7700 FPI Ltd \$13 12% 12% 12% 1	900 NI VG Troo \$21 2 21 3 21 3 + 18 819 NewTel Ent \$17 17 17 17 14 + 18	66723 TrCom PL \$13% 13½ 13½ + ½ 26687 Traon A \$17% 17% 17% 17% - ½ 7700 Trimec 410 400 400 - 10
34967	Batter 5137, 135, 134 + 1, Batter 515 145 145 - 5	5600 FCA Intil 38 8 8 8 8 8 7 7700 FPI List 513 12 9 12 7 1 8 14725 Flexibridg 827 4 2 7 27 1 9 1 8 150 150 Fed Intil A 517 2 17 4 17 9	11825 Nome A \$15% 15% 15% + %	1000 Trized A f \$33 32 % 33 + 4
26300 200		761 Figning L 5224, 22%, 22%, 224,	101100 Noranda F \$15½ 15½ 15½ 15½ 72830 Noranda \$25½ 25 25½ + ½ 28900 Norsan \$20½ 20 20	100 Trizec B \$354, 354, 354 + 1/2 4238 Unicorp A \$74, 74, 74,
1706	Bomber B \$114 114	700 FCay Fin \$174 174 174 250 Ford Cride \$1254 1254 1254 1254	2003 North A f \$17% 174 174 - 4	4500 UnigacoB f 400 395 395 - 5
600	Bransles 527% 27 4 27% + 4	2200 Fortis \$16 \( 16 \) 18 \( 18 \) 35200 FourSeasn ( \$22 21 \) 22	35172 Nov Tel \$2312 2212 2274 - 12	300 Un Certisi 520 tg 20 tg 20 tg + tg 1385 U Entorice 59 tg 9 tg 9 tg
23100	Brancan A \$27% 27% 27% + % Britoneser \$5% 6 5 - % BC ForP \$20 20 28 + %	1500 France o SST, ST, ST, 4475 GW Util \$25% 25 25	12375 Northeat \$81 ₆ 8 8 183745 Nova f \$14 135 ₆ 131 ₆ + 1 ₈	65 Un Corp \$36 g 36 35 417543 Varity C 405 400 405
7810	BC Res 90 90 90 90 BC BC Phone \$285, 285, 2812	\$3990 Galactic \$6\ 6\ 6\ 6\ 2 6\ 2 \ 1802 Gandati \$6\ 18\ 8\ 8\ 8\ 1802	0002 Noverco \$172 113 113 + 1 15000 Noverco W \$164 164 164 164 1	1580 Viceroy R \$7% 7% 7%
100	Bruncor \$17 2 17 2 17 2 4	100 SE Can \$16 % 16 % 16 % 1 % 1 % 1 % 1 % 1 % 1 % 1	600 Number \$10 ³ c 10 ³ c 10 ³ c 1 ₄ 400 Ocetor B f \$11 ³ c 11 11 ¹ c + ³ c 2700 Ocet i \$13 ³ c 13 ⁵ c 18 ⁵ c	870 Videotra ( \$112   112   154   154   154   154   154   154   154   154   154   154   154   154   154   154
13900	Bruttenk \$13 12 13 13 CAE \$10 10 10 10 10 10 10 10 10 10 10 10 10 1	9120 Gld Knight \$10 \ 97 97 - \	3700 Onex   \$13 kg 135g 135g \$180 Onex Ploy \$7 kg 7 kg 7 kg 1 kg	208 Weldwood \$17% 17% 17%
1332	CC1 R ( SOL SL SL SL )	1000 Granges 354 54 54 + 4	8800 Oments A   \$215 215 215 - 5	700 Wist Fracer \$21 21 21 1748 Wedast E \$16 % 16 % 16 % + %
3500	Cambior \$16 16 16 15 15 2 Cambridg \$29 26 1 26 4 + 1		8686 PWA Corp \$21 1 21 4 21 4 1 5 500 Pour A 1 \$51 4 51 2 45 1 1 1 14500 PastCan P \$24 2 24 2 24 2 4 4	1089 Westmin \$105 ₈ 105 ₈ 105 ₈ 2037 Weston \$33 2 33 2 53 2 + 1 ₈
	Camp Res 161 151 151 - 2 Camp Sout \$15 15 18 + 14	2000 Heley SS-1, 8-3, 6-3, 194 1974 Harley SS-1, 8-3, 8-4, 8-4, 8-4, 8-4, 8-4, 8-4, 8-4, 8-4	71700 Permana \$184 164 164 4	753 Woodwd A 475 470 470
7805 3456	Campagn ( \$173 174 174 - 12 C Nor West \$155 153 153 153	2850 Hees Ind \$241, 237, 237, - 4	14065 Proneer M \$7 ¹ g 6 ² g 7 ¹ g + ¹ g 357653 Peacer Om \$17 16 ² g 17 + ¹ g 79800 Poco Pet \$10 ⁵ g 10 ¹ g 10 ⁵ g + ² g	46 Xerox Cab \$19½ 19½ 19½ f-No voting rights or restricted voting
1944	C Packre \$14½ 14½ 14½ - ½ C Expres 1 105 104 106+ 2	2233 Heads S15 ² ₂ 15 ² ₂ 15 ² ₃ 1 15 ² ₄ 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	#64234 Potyser E \$2012 2015 2015 45850 Powr Cor : \$137g 131g 131g - 1g	rights.
1333	CI Bit Com 528 2 23 23 23 4 - 4 C Marconi 516 18 16	( 1199 H BayMin s \$8%, 6%, 8%,	1700 Power Fig. \$15 k 16 k = k	
5200	C Occiental \$17 17 17 CP Ltd \$22% 22% 22% 4 %	89772 Imasco L \$2714 2674 27	340 Osabcor B \$181, 181, 181, 181, + 4	<del></del>
24.5	C Roary \$812 812 812 CTire A f \$17 164 164 - 4	20584 imp Oil A \$66% 55% 55% 55% 1 97870 inco \$41% 41 41% + %	95600 Ranger \$7 67 87 3400 Rayrock f \$95 912 95	
1196	CURT A! 519 18 19 + 4	1100 Indel 594, 912, 912 7800 Inland Gas, \$13, 124, 124, 1	25255 Respects \$11%, 11%, 11%, 1%, 1%, 2111 Rd Stender S \$29%, 29 20%, +1%,	MONTREAL
800	CommanA f \$7% 7% 7%	5200 Inmopac 50% 9% 8%+ % 1900 Inter City \$18 17% 17%	5200 Reference A 1 \$17 \cdot 17 \cdot 17 \cdot 17 \cdot 1 \cdo	Closing prices July 15
1000	Canron A \$134 134 134	3708 Internacion \$48 \ 47 \ 48 + \ 2 \ 131435 Indi Tison \$14 \ 14 14 - \ 14	2700 Repep 1 \$143, 144, 144, 14 350 Rio Algem \$234, 233, 234, 2	3450 BombretA \$114 115 115 - 4
300	Cara A! \$134 134 134	28450 lov Gro \$14 14 14 14 4 - 4	9960 Ropert B ( \$55 54 4 55 + 4	82650 BombrurB \$114 115 114 8500 CB Pak \$20 194 20 + 12
180	Curene \$32 32 32 + 2 Curenes \$5% 5% 5%	4810 iveco A ! \$13% 13% 13%	S00 Roman \$12½ 12½ 12½ 12½ ½ B0 Rothman \$41½ 41½ 41½ 110403 Royal Bok \$32½ 32½ 32½	15190 Cascades \$05 05% 06
892	Cetamene \$271 274 274 4 Cen Capital \$124 12 124 + 4	1000 Kelly DA \$35½ 35½ 35½	18182 RyTroo A \$1692 1614 1612+ 1s 15427 SHL Syst \$11 1074 11 + 14	! 2301 DomTxtA - \$16-\s 16-\s 16-\s 16-\s 1
18527	CentCap A \$103, 103, 103, 104, 104, 105	26233 Labutt 522 b 22 k 22 k - 4	1130 St. CamA f \$124, 121, 121, 121, 1	4100 MerTrut 5165 1815 1615 - 14 42614 Nertik Com \$11 1815 1815
64	Chietten \$13 ¹ 2 13 ¹ 2 13 ¹ 2 Cinepter \$11 ¹ 3 11 ¹ 4 11 ¹ 4 - ¹ 5 Co Steel f \$16 ¹ 4 16 ¹ 2	157704 Lac Musts 514 14 14 14 - 3 1429 Laterge p 522 2 22 22 224 - 1	1600 Serruel MT \$17 1 17 17 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	82672 Noverco \$11 2 11 11 1 2 4 30885 Power Corp \$14 13 13 13 - 4
2900	Co Speci Siek 16 16 16 16	3725 Laidlew A \$173, 174, 174, 174, 1850 1816	2000 Sceptre 410 405 405 - 5 1446 Seet Paper \$183 ₈ 183 ₆ 183 ₈ + 3 ₈	8983 Provigo 500% 09% 09% 34568 Royal Bank 532% 32% 32% + 4
2732	Comparing \$51 to 21 to 21 to 12 Comparing \$51 6 6 to	100 Laur Bk \$11½ 11½ 11½ 1½ 1 \$500 Laur Gr B \$7½ 7½ 7½ ½ 1740 Laurenii A \$13½ 13½ 13½ ½	i 13400 Seods : \$12% 12% 12% + %	9650 SteinbrgA 532 5112 3114 - 4 16356 Videotron \$1114 1112 1112
1210	Con Bath A \$16% 18% 16% - 4	1740 LevernM A \$135 135 135 + 4	36050 Seegram \$8512 68 6814 36194 Seera Can \$1212 1214 1212 + 12	Total Sales 4.710 706 shares

0	V	E	<b>?</b> -	T	HE.	-C(		Jr	17	E	R	Nas	daq i	nationa	d me	rket,	2pm pri	ices Jul	ly 18				
Stock	Div	. 100e	Hgl	h Low	Lint Ching	Stock	Div.	Sales 190e	High	Low	Last Cling	Stock	Div.	Sales 100s	High	Low	Leet Chag	Stock	Div.	3aice 180e	High	Low	Last Chp
Con	tinu	ed tr	om p	age	39																		
Pecific		9 3			237	<b>SE</b>	.05e		18%	183 123 83	18% + 3 13 + 1		_40	11 85	22 22 k	214	22	VWR	.80	12 50	2012	10 %	2014
PerpS :	·	5 106 23 6		23 ¹ 4	91 ₂ 24 4 + 1	SFFed SHL Sy		5 277		125	13 + 1 8%	Sumits SunGrd	.720	11 28 22 120	mL	22	224+ 4 19 + 4	Validi.g ValFSL		306 449 6 189	61 ₈	13	84+4
Phrnct				15	1 11-16+1-1			5	483	48 4	48% - 7	عائلينية\$		27 3048	38 2	37b	38 b + 1	Vernt	1.44	682	301 401	29	134+ 4 294- 4 404+ 4 24+ 5
Phrmcl	.18a	16 312	184	18.4	184 – L	Salecro		8 1525	9 6)-	63	639	Summe	2 <b>1</b> 8	B 5	25.	244	251.+1	Valenn	.80	8 16	401	41	40% + 14 224 + 5
Phroduk Phroduk		90 195 84		53 <u>i</u>	5½ – ¼ 10%	Saleco Sahlen		7 294	20-2	254 2 6-18	6년 25년 + 년 25년8~ 년	, Symble Systin		242 14 6 194	54	7 5%	74 + 2 54 + 4	VgrdCl Vng68	.10e	7 7	224 10	캙	94
PicSav		12 88			144 - 3	StJude		19 18		35%	365.	SySnth.	, .	· 25 107	20 °	194	20 + 4	Varian		26 29	244	24 5	245 - 4
PloCale		15 47		15_	15 - 4	StPauls		215	10%	105		System	.40a	24 55 - T-7	_33-k	23 k	334+ 7			15 108	234	227	234
Pionf a		8 ( 25 67)		814 361 ₂	84 + 4 864 + 4	StPaul Salick	s 2	6 45 19 7		43	434	TBC s		11 228		14	144+ 5	Veronx Veres s	P	16 65	5 1-16 235	23 2	15-15-5 235-6
PlyFve		21 1		912	95-4	Sanfrd	s .16	12 606	- 28 س	25 12	14½ 27½+ ½ 28¼+ ¾	TCA	.32	63 406	2 د دون	34	35 +1	Vicorp		- 59 59	101	10	10," + 3
Picyfidg		21 61	23 €	9 ¹ 2 23 ¹ 2	93- 4 235 115- 3	Schere	. 35	27 16 15 30		27 % 42	284+4	TCBY TC≢	.010	23 848		13 10	13 10	ViewMs	,	151	412	2 ⁴ %	44 - 4 344 + 13
PortBk PouchS		7 33		1112	11 4 - 12 194 - 4	Schim/ Scimed		15 30			15	TPI En	.100	128	55	5%	57a – 5a	Viking Visoni		19 11649 361	161	32 16	165+ 5
PrecCas		15 109		327	83 - 4	Scilez	•	190		54	6 + 4	Tandon		6 1430	2 11-16	2 9-H	25	Viratek		240	16 ¹ 2	134	134 - 4
ProoLie		16 50	125	124	12%	Seeget		9 9706	18	173g 284g	6 + 1 183; + 1 264; - 1	Tatantor	- 24	12 164	15 ⁵ 2	15	15% - %	Volvo	1.520	B 340	23 /	52 🐛	534+ 4
PristnCp PriceCt		14 32 19 2100	16	141. 351.	16 +1½ 35½ - ¼	Sealings SEED	. 24	17 200 11 160		264. 75	254 - 4 74	Total	1200	14 49	15½ 148	15 149	155+ 15 149 +1			– W-W	÷		
ProsTR		12 127		334	34 lū + lū	Selbel	.30	8 9	13	13	13	TicanA 1		4982	267	25	25b~ 4	WD 40	1.40a	16 40	32	314	314 12 + 4
Print		1	111/2	1112	112+ 5	Selctim		6 54	25	2512	25 + 4		.28	105	36/2	35	384 - ¥	WITD	43	9 256 20 10	12 33 4	25 211 p	2 k-1
ProsGp ProtLie		18 62		71	7% % 14% %	Secueor Secueo		18 1145 45 7E		85 184	84 181	Tolones Tolones		28 303 17 43	221 ₈	12 ¹ 2	121 ₂ - 1 ₂ 151 ₄ - 1 ₄	WahCp	.32	17 194	1212	12	12 - 4
PrvBicsi		10 62	12	115	115	SycMen		10 984		10%	18% 10% – %		.011	22 973	234	15 k 22 k	24-5	WBeDC		. 43	184	175	18 + 4
PrvLie	.530	171 261	2012	2014	2012 + 14	SvOuk	,08j	9 190	5	43	6 + 4	Teamen	J. 35	15 21	28	28	79 - L	WashEr WPSL	1 1.23 1.08	14 423 7 92	151- 281	15 ½	154- 4 255-4
Pg\$dBc PultzPb	- 20	17 55		185	185 - 5	Shrided Shewki	2.20	12 494 12 1539		20 kg	. 51 25-k	Teracia SCom	ı	72 298 25 523	104	19 ½ 19 ½	192- 2	WASB	s .40	7 1226	18	26½ 15¼	154 - 5
PuritBa		19 4 24 17		29 5 25 5 14 5	30 4 + 4 25 2 - 12	Shoney		19 132	26	27	2017	Theyer		17 87	19 h 22 h	22	1912 - 12 1912 - 12 2212 - 12 6514 - 13	Watteln	d .12	17 109	244	244	24 12
PyrmT		25 6	1430	1412	14b	Shony	wi	7836	10 B4		875	TOWOF		59 TI	865 143	65 k	65 4 - 17	Waush Waxanii		13 8 19 145	36 12 ¹ a	35 L	36 + 3 12 - 4
Omex.		64 90		10%	45 - 4 114 + 4	Shred		17 49		15 47	16 47	Topps :		7 165 8 95	14%	144	11 - 4	Welbit		16 346	27	25%	26%
CVC CunkCh	.54	13 64		274	114+4	SigmAi SigmD		25 174 18 173			ž	TWA of		9 PO	29	29	29 – L	Welkno		19 374	37 L	364	37 +
Quantin		7 114		104	224 + 4 104 + 4	StanGr	•	28 2035	284	22	22 k — 1	Trabbas		1B 35	224	22	22 - 1	WertCas		14 223 1211	16 134	15 ³ 2	15 + 4
	\$	10 43		5	5 -1-16	Sticons		11 423	143	14%	141, 71, 73, -11, 173, + 4	Triessy Triess	!	18 262 36 2260	13 ¹ 2 17 ¹ 4	13 184	13 4 h	WatFEL	.40e	8 26	384	384	354- 5
RPM s	.56	- R-1		15%	462-4-2-	SHer/VI Sillorex		15 272 26 1192		<i>†</i> ?	75-14	Tracio	.36	13 765	25.	25	17 ¹ 4 25 ¹ 2 24 ¹ 6+ ¹ 2 18 ¹ 2+ ¹ 2 14 ¹ 4- ¹ 2	Webs ² b	1	16 1230	201	19 L	195+
RedSym		14 320		101	16 ¹ 2 + ¹ 2 10 ¹ 2 - ¹ 4	SimAir		15 15	173	174	17% + 4	Turzp	1.40	8 94 14 3373	24 h	23/4	24.4+ 34	Weterk		25 358 1587	20 24½	194 244	194 - 5 245 + 4
RaighFt	•	227	10%	10_	1044 + 44	Simpin		16 25 17 239		15	15	20Cnig	.36	14 2373	18 ¹ 1 15 ¹ 0	19 ½ 14 ½	192+ 2	WinorC		20	171	171	77 - 1
Records		48 1656 134 113	B-	. 6ỷ	64 ± 3 · 54	<ul> <li>Sizier - Boyyů</li> </ul>		47 239	. 19	- 18	18 - 4	TycoTy Tybon		8 428 17 344	- 12Q	194	194 - 6	Weston	·	24 108	1822	18%	18 2
Rgcy€l Regina	• = :	22 141	51 ₂	24%	25 – 4	Smile		10 17	35½	35	35½ + ¼ 35¼							WateOr Watea		23 2711 16 238	15 251 ₈	125 25	124 - 4
RegiBe	,20-	9 10	144	141	14%	Society		9 94 7 73	36			USWX	_	19 14	5½	.5%	5½+¼ 21 - ½	Whelle		27 144	23	23.5	20 - 4
Repap	.05 ₀	288 58		112	1112 - 18	StarPb		7 73 24 864	20 L	20 224	20 – 14 24 h + 1 h	REI CO	-52	10 14 10 7	결호	21	21 - 2	Willem		10 465	53	₩,	624 - S
Repign RepAm RestMg	24	9 59	12	12	12 - 1 94 - 4	, ŞomrSv	.19e	6 143	125	122	24 4 + 1 4 12 2	<b>UltrBc</b>	1.16	10 50	34%	344	247	Wilal Wisps	.20a	7 274 9 16	127 91	121 ₃	125 - 5 94
RestMg	.DB	15 123	93	94	94- 4	SenocPe		18 263	22,4	22	32¼ – ¼ 21½ – ¼	Uniber .	00	12 17 11 250	20,5	29 k 23 k	294 .	WilmTr		11 65	28	20 4	284 - 5
Realt a	.576	2193 9 173	271	27 ¹ 4	2712 - 51 64 - 12	SCarNt SCarNt	.54 2.02	9 109 10 27	22 ¼ 21 ½ 28 ¼	21 L 27 L	3216 — 14 2115 — 14 2714 — 14	United	1.36	10 1	201 ₂	304	235 204+ 4	Wilgo		18 305	97	93	94
ReyRy	.78	8 212		18%	184 - 4 314 - 4	Sounet		23 180	1812	18	181	طماطملا	32	15 108	255	251	254	Winds		16 1096 49 1526	#151u	173	184 + 4
<b>PhonP1</b>		16	314	314	314 - 4 44 + 4	SohidSv	-	250 9 1034		21,	214+ 4	- UBCol	.04	40 11	29 4	29 T	29 - 1 141 - 1	Wotobo		11 589	167	163	15 1 - 3 16 4 + 4
Riblim RichEl	t	399 22 85		3% 18½	414 + 14	Societa Societa	1.44	9 171	21 2 35		214 ~ 4 35 ~ 4	UnEdS		96 12 1055	154 115 44	114	115+ 5	Wolvex		489	115	114	11%
Rehmill	.10e	14 34	22.5	227	22½ 21¼	Spiegei		11 37	8.P	94	95+4	UHRC	-	7421	416	34	34 - 4	Wyman		17 813 13 345	243 16	24 k	245+ 4 154
RiggeNi	1.10			214	21.4	StdMic	_	180	5 2 21 4	512	5 ⁵	UtdSens US Ben		5 51 9 230	165 243	18 24 k	18 - 4 244 - 4	Wyse	-00	12 2520	225	211	224+ 5
RoadSv Ristiff a	1.70	20 1782 27 15		28 le 19 le	2812 — 12 1834 — 34 1255 — 34	StriPag StrStBo		15 104 10 363	23 4	21 234	21 → 4, 234	US HEC		9 230 519	77	-73	64 - 4			-X-Y-2	 !—		•
RochCS	.35	11 129		125	125 - 4	Stello s	.00	17 75	23 Y 19 <b>4</b>	107	901 + L	US Trat	1.16	13 37	5 Å	40%	40 4	XL Dt s	•	19 54	27'2	27	27 2 12 4 - 3
Revided		4 2		93		SteelT s		10 87 8 x23	18 ¹ 2 18		1812	UStato Uzilalar	. 32	18 34 44 24	22 ⁻ 31	21 5 30 £	22 37 + 첫	XOMA X-Rite	.00	20 42	13 l. 25 lg	12 k 28 h	124 - 5 29 - 5
RoseB Rospich	,16a	10 26 22 147		8 ¹ 2 19	812 — 4 194	Straius	•	8 x23 25 1751	78 27		18 27 + %	Univer	.12	14 107	31 17	30°4	3; T 2	Xicor		16 967	10 %	94	10 - 1
RossStr	;	13 360	75	74	75 + 5	ŞtrwbCi	1.10b	8 377	331 3	24 3	354 5	Unville.		217 425	6%	6,5	612	Xidex		3961	9	84	1.3
Rouse	.52	86 233	224	22 7	221/4	Structly		24 29 24 58	19		10°+ 14	UnvSvg	.40	14 <i>4</i> 7	234	23	23	Xytoplo		7 38 408	9.	84 64	84 - 3 75 + 3
Roylpr Bosse		24 196 18 2582	31 ₄	31 ₀ 61 ₀	3 ¹ 6 - 1-16 6 ¹ 4	Stryber	,	24 58 550	22 5 6 4	21 kg	214 - 2 84	V Band	te '	- V-V	142	14	144 - 4	Ylouf	62	17 857	71 ₂ 265	25	2647
RyanF		- S-E		04	9.26	Soffin	.106	732	6% 7%	74	75 + 4	VLS		37 878	10	95	10 + 4	ZionUt		3	254	254	254 - 4
SCI Sys	,	15 617		12%	12% + 4	Sumgoh		9 959	14	133	134 – 4	YM SE		29 63	15	142	15	. Zonden		49 604	13%	13%	134 - 4

	SCI Sys	- 8-8 15 617	13	12%	_		Sufffin .10j 732 74, Surigon 9 959 14	714 133	73. 131 ₂	+ <del>\</del>	. ;
	CHI	ef lo	NDC	) H	PRI	CE	CHANGES YEST	ERD/	lΥ		Ī
		a	Priote	in pe	gêe	enle	e otherwise indicated)				l
_	ĺ	RH	ES				Yale & Valor	492	+	27	Ι'
3	Ametrad			225	+	7	FALLS				ŧ
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### **WORLD STOCK MARKETS**

# Increase in oil price fuels persistent inflation fears

THE PROSPECT of rising prices and interest rates continued to unsettle US financial markets yesterday with the chance of a settlement of the Iran-Iraq war adding to inflationary fears, James Buchan writes from New York.

Stocks fell throughout the day yesterday as concern about rising interest rates prompted investors to crystallise gains made in three days of steady but unspectacular improve ment at the end of last week. The Dow Jones Industrial Average, the index of 30 blue-chip shares, ended the day down 11.56 points at 2117.89 having traded as low as 2105 at lunchtime. Broader averages were also down, with the S & P

500 at 270.51, down 1.54. Volume was a moderate 156.5m shares and a substantial portion of the business done was in three utility stocks Pacificorp, Idaho Power and Centerior Energy - which attracted heavy trading because of their large dividend

payments. The stock market's weakness came as oil prices rose in response to the surprise announcement that Iran is ready to comply with a cease-fire to its eight-year war. The rise in oil prices, which had August futures up 69 cents a barrel to \$15.55 at one stage yesterday morning, nagged inflationary anxieties just as news emerged of tightening

The federal government reported that US factories, utilities and mines operated at 83.1 per cent of capacity in June as against 82.9 per cent in May. The financial markets fear that

continued strong demand for US products will allow manufacturers with tight capacity to push up prices.

Amid fears that US interest rates must rise to choke off this inflationary potential, the

Treasury long bond fell nearly a point to yield 9.234 per cent by the close. Federal Funds, a key short-term interest rate, were trading at just under 7% per cent. The dollar weakened against the yen and the D-Mark after a strong begin-ning to the day. There were reports of sales of dollars by the Federal Reserve.

Among oil companies thought likely to profit from rising oil prices, Exxon shed \$% to \$45%, Texaco rose \$% to \$45%, Phillips rose \$1% to \$17% and Chevron put on \$% to \$48%. Arco, which revealed a \$557m tax demand from the federal tax authorities, added \$1 to \$82%. Of the companies that

reported higher earnings yes-terday, United Technologies added \$% to \$38%, Apple rose \$% to \$45%, NCR put on \$% to \$61% and Alcoa fell \$% to

The banks reporting financial results mostly saw earnings decline over the first quarter of this year. Comparisons with the 1987 second quarter special provisions. Among the banks reporting yesterday, J.P. Morgan fell \$% to \$37%, Chase Manhattan dropped \$% to \$29% and Manufacturers' Hanover fell \$% to \$29.

Among blue chips, Coca-Cola was down \$% to \$37% while F.W. Woolworth fell \$% to \$49%. Primerica fell \$% to

International Business Machines, which said it plans to consolidate its domestic marketing and services groups, fell \$% to \$125%. United Telecom, which said it was taking a controlling interest in US Sprint, was unchanged at \$33%. GTE, its partner in the Sprint long-distance telecomunications venture, fell \$% to

York International dropped \$1 1/4 to \$58 1/4. The company rejected a \$61-a-share takeover from Syndergeneral and said it would support a \$57.50-a-share buy-out bid from a group put together by Citicorp.

### Canada

FALLING golds and base met-als led the retreat in Toronto where shares posted a loss inquiet trading amid investors' concerns about rising interest rates. The composite index, which had fallen about 22 points in earlier trading, lost 16.9 to 3431.7 on light turnover

# Milan rally gathers pace with 2 per cent advance

interest rates unsettled some European bourses yesterday, while others were lifted by the positive US response to the trade figures. A surge of demand sent Italy sharply higher, writes Our Markets

Staff.
MILAN continued a rise that began to gather speed on Friday afternoon as the monthly trading account closed. Many leading stocks finished at or above Friday's levels despite

going ex-dividend. The market showed a 2 per cent rise, with the Comit index up 10.21 at 520.45, and volume was estimated to have been higher than Friday's L170bn, levels around L110bn-L120bn of

the past few months. Foreign interest remained strong in a market that has lagged the rest of Europe this year, and there were reports of a large buy order involving foreign money managed in the UK. Blue chips attracted a lot of interest, with Fiat rising L140 to close at L9,530 ex a L270 dividend and then reach-

ing L9,600 after hours.
Leading insurer Generali gained L1,210 to L85,100 and then reached L85,700 after

Iniziativa Meta and its Standa department store subsidiary continued higher on speculative interest after last week's news of the sale of Standa to Mr Silvio Berlusconi. Meta rose L595 to L11,260 on talk that the terms of its transfer into the Ferruzzi group may be changed as a result of the high value put on Standa in the sale. Standa was up L890 at 1.20.810 amid rumours Mr Berlusconi might bid for the remaining 30 per cent of the company, a suggestion dis-missed by one analyst as unre-

The World Index (2472).....

London

NEWS of a half point increase in base rates led to small rally, but concern that the rate ri was not large enough left prices lower in thin trading. to 1,849.3 despite some strength in oil shares on ceasefire proposals in the Gulf war.

FRANKFURT fell back in a bout of interest rate jitters fol-lowing the dollar's rise in the wake of the US trade deficit news. The DAX index shed 11.39 to 1.179.74 in fairly low

volume of DM2.7bn. The market started well but succumbed to nerves as talk of an imminent rise in West German rates took hold and offset recent optimism about the stronger dollar's boost to

exporters' earnings.

Deutsche Bank, one of the leaders of the advance, was hit heavily by profit-taking, falling DM11 to DM471. Insurer Allianz lost DM15 to DM1,463 after proposing an unchanged DM12 dividend for 1987.

Against the trend, publisher Axel Springer rose to DM538 before closing DM1 higher at DM531 after news that film distributor Mr Leo Kirch was seeking to raise his stake to over 25 per cent. Retailer Asko rose DM15 to DM965, pursuing

last week's strong gains.

Bonds dropped by up to 80 pfg on dollar and interest rate. fears. The yield on the 61/2 per cent 1998 federal bond rose to 6.82 per cent after 6.75 per cent. PARIS was also hit by inter-

est rate worries, with turnover still very low after the extended Bastille Day holiday. The CAC General index, cal-culated at the opening, was up 1.4 at 355.5 but the EFX 50

-0.5 111.55

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115,037 (US \$ index), 90.791 (Pound Sterling) and 94,94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd.1987

index closed 5.19 lower at 348.39. Volumes were estimated to be around or lower than FFr700m - just two weeks ago, turnover was three times that level.

The market was worried that possible hike in the West German repo rate would put pressure on the franc, and consequently on domestic rates. Midi, going ex rights, closed FFr50 lower at FFr205 and car-maker Peugeot fell FFr25 to

ZURICH edged higher, helped by the US trade figures and expectations of good six-month statements this week, which particularly benefited the banks.

AMSTERDAM ended mixed after central bank intervention to dampen the dollar undermined sentiment. The CBS trend index eased 0.4 to 95.6 in

frend index eased 0.4 to 95.6 in fairly low turnover. KNP added 20 cents to F1 158.20 after announcing the sale of its paper wholesale interests.

BRUSSELS lost ground on the last day of the two-week account, with trading hit by last week's rises in domestic discount and three-month treature hill rates. The cash warsury bill rates. The cash market index fell 23.7 to 4,895.8.

The session also saw concern over possible tax cuts, which could be funded by the aboli-tion of tax credits such as those on dividends. High yield-ing stocks would suffer most and electricity producer Inter-com, the day's most active issue with 10,650 shares traded,

fell BFr35 to BFr3,245.

MADRID eased, with the general index losing 0.15 to 294.43. Sentiment was hit by Friday's news that the infla-tion rate for June, at 0.4 per cent, was double expectations.

Banco Santander, announc-ing improved interim profits, was up 3 percentage points at

2.33 | 126.19 | 112.47 |

# Trading monopolised by 25 leading stocks

eep leather sofas lend an appropriately easygoing air to the floor of the Brussels Stock Exchange but the atmosphere was anything but relaxed earlier this year when Mr Carlo De Benedetti launched his bold if ultimately unsuccessful take-over bid for Société Générale

At the height of the battle in February, the average daily turnover for the Brussels bourse topped BFr4.7bn (\$120.5m), four times the volume levels of 1986 and 1987 and 20 times higher than what was typical in the early part of the

'After hours" trading took on a new meaning as brokers literally burned the midnight cal. And the previous trickle of interest from foreign investors - inspired by the market's steady rise over the past six years - suddenly transformed itself into a torrent of overseas

In the past couple of months a more traditional calm has returned to the floor of the bourse, with daily volume on average less than BFribn in May and half that figure in some recent sessions.

The average daily figure for



Brussels

BFr2bn. Over-the-counter, or "off bourse", trading volume is estimated at four to five times that on the exchange.

Persistent speculation in the

shares of oil group Petrofina apart, the main preoccupation at present is the plan to bring on line a new Computer Assisted Trading System (CATS) by the end of the summer. Some market participants believe that deadline to be optimistic but when it happens it will spell the beginning of the end of a paper-based system which dates back to the Napoleonic era of the early 19th cen-

exchanges in Belgium, although of the other three

busiest with 62.8m shares, firmed Y30 to Y1,080. Hitachi

Y60 to Y1.780 and Mitsubishi Electric Y12 to Y976. Demand

was fuelled by tight supply in computer microchips. However, domestic demand-

the one-month commercial bill

discount rate and as the yen

fell. The yield on the bell-wether 5.0 per cent govern-

ment bond maturing in Decem-

ber 1997 rose rapidly from Friday's 5.060 per cent to finish

at 5.145 per cent after hitting

5.165 per cent. Equities in Osaka continued their downtrend, with the OSE

stock average falling 168.57 to

27,594.04 on 86m shares traded.

(Antwerp, Ghent and Liège) only Antwerp can boast any rificant activity.

The Brussels bourse is capitalised at about BFr1,900bn (\$48.7bm). But of the 437 shares listed (more than a third of them foreign) only about 50 are actively traded, while just 40 to 45 per cent of the market is freely tradeable. The 10 largest companies account for more than haif the total capitalisation, and the top 25 companies

for 80 to 90 per cent. The official market comprises a cash market (all stocks, next day settlement) and a forward market (most leading stocks, minimum transaction requirements, lower commissions and generally 15-day settlement). The forward market repres roughly two-thirds of total

activity.

Trading is from 12.30 pm to 2.30 pm and there is no fixed period for after hours trading. From September, official trading will be extended to 9 am-1 pm, initially only for a small number of shares.

Only three companies are traded on the "Second Market". About 140 bonds (mostly government securities) are All transactions on the stock

STOCK MARKET FACT CHART

Market capitalisation: BFr1,900br (\$1 = BF39, £1 = BFr65.23) Number of shares listed: 290 Seiglan, 147 foreign Top 10 stocks, percentage of market: over 50% Trading hours: official = 12.50 pm-2.30pm; no limit to abor

hours trading Nerrage daily turnover, first five months 1988: SF/2bn Main Index: Brussels Cash Market (Total Return), 557 shares Current level of Index: 4,895.8; 1988 high: 5,043.1 (6/3). 1988 low: 3,808.35 (4/1) Settlement: cash market - next day; forward market -

fortnightly Address: La Bourse de Fundo Publica de Bé de la Bourse, Brussies. Tel (222) 846 12:11

exchange have to be made through a broker - there are more than 250 of them - but banks are permitted by law to carry out transactions of more than BFr10m "off bourse" and are increasingly anxious to break the brokers' florcely

guarded monopoly.

The main barometer is the
Brussels Cash Market Index
(Return), which covers all companies and which has been one of Europe's strongest performers this year thanks largely to the "Générale" effect. Leading brokers often use their own indices comprising the most actively traded stocks.

As Mr De Benedetti discov-ered to his delight, there are no

restrictions on foreign share-

holdings, "Anti-raider" legisla tion requiring buyers to reveal publicly any stake of more than 5 per cent is expected to be in place by the autumn. Shares are almost invariably held in beares form and rank equally for voting rights. As a rule, dividends and interest on Belgian securities are subject to a 25 per tent withholding tax. There is no capital gains tax in Belgium, though companies pay corpora-tion tax on the sale of securi-ties held for less than five Ace !

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A profile of Singapore ppeared last Friday. Tomorrow will feature Stockholm.

Tim Dickson

# Falling yen sparks slide across the board

### Tokyo

THE yen's slide against the dollar to a low for this year pushed equities down almost across the board in Tokyo yesterday, writes Shigeo Nishtwaki of Jiii Press of Jiji Press.

linked issues dropped as inves-tors shifted to glant-capitals. Ohbayashi declined Y18 to Only selective steel and Unity selective steel and high-technology stocks managed to close higher.

The Nikkei average dropped 251.67 from last Friday's close to 27,662.12 after moving between a high for the day of 27,000 and a law of 27,501.00 Y895, Mitsubishi Estate Y90 to Y2,290 and Sumitomo Bank Y120 to Y3,220. Bonds dropped sharply as the Bank of Japan permitted a 0.0625 percentage point rise in

27,975.07 and a low of 27,591.09. Volume fell steeply from 2.04bn to 1.15bn shares and the number of stocks falling far out-paced those climbing - by 637 to 241, with 171 issues mchanged Japanese shares continued

lower in London, with the ISE/ Nikkei 50 index shedding 6.01 Investors in Tokyo were con-

cerned over the outlook for currencies, as the yen slid to a 1988 low of Y135.43 against the dollar following Friday's US

trade deficit news.
High-tech and giant-capital stocks opened firmly, reflecting the improvement in the US trade imbalance, but later lost upward momentum on smalllot selling.

Demand for large-capitals continued, and Nippon Steel headed the most active list,

headed the most active list, with 1414m shares traded. It closed Y10 higher at Y754 on late buying. Other steels moved lower, with NKK weakening Y5 to Y715 and Kobe Steel Y13 to Y615.

Among other big-capitals, shipbuildings were favoured: Mitsul Engineering and Shipbuilding, second busiest with 85.2m shares, strengthened Y19 to Y714, and Kawasaki Heavy Industries, third with 63.7m shares.

The day's excitement came from the big three heavy elec-tricals, which climbed to all-time highs. Toshiba, fifth

### South Africa

GOLD issues closed steady to slightly easier in quiet trading with a weaker financial rand buoying shares against a drop in bullion prices, brought about by the stronger dollar. Among the few movers Vaal. Reefs shed R4 to R299 and Freegold 50 cents to R31.50. Roundup

AUSTRALIA reached a postcrash high in improved turnover as economic news, a stronger gold price and Wall Street's gains on Friday combined to draw foreign and

domestic buyers. Optimism about the US trade figures was fuelled by Austra-lian balance of payments data which were in line with market expectations.

The All Ordinaries index gained 18.9 to 1,642.5, its highest level since October 19, as a shortage of sellers helped push prices higher. Turnover was about 140m shares worth A\$238m, a distinct improve-ment on the average figure of A\$170m for the first six

Volume was swelled by heavy turnover in Bell Group, which saw nearly 29m shares change hands and gained a fur-

ther 7 cents to A\$2.63. The buyer was reported to be Bond Corporation, which was actively purchasing on Friday after winning the go-shead to raise its then 19,9 per cent stake. Bond itself rose 5 cents to A\$2.30 after a 12 cent jump

SINGAPORE was lifted by a resumption of institutional buying which pushed the Straits Times industrial index to a post-crash high. Investors paid little attention to the fall in Tokyo, taking courage instead from the US trade figures and Wall Street's

The index gained 15.62 to 1,146.58 in sharply higher turn-over of 60m shares compared with 37m on Friday and an average daily figure of under 25m shares in the first five months of this year.

The most active stocks were again lower-priced issues, with Tan Chong Motor up four cents at 75 cents on 3.7m shares.

absence of fresh news and shares closed lower, with the Hang Seng index falling 39.38 to 2,711.37.

ATV Holdings lost 36 cents to HK\$1.89 after returning to trading for the first time since.

trading for the first time since its suspension on June 20, having announced an agreement to sell two-thirds of its interest in ATV, the tv channel operator, to two local businessmen. Hongkong Telecom lost a further 10 cents to HK\$6.80 on the Government's refusal to allow the group to carry cable television through its existing

etwork. NEW ZEALAND reached a new high for the year, with the Barclays share index rising a sharp 31 points to 2,085. In the past two trading days it has climbed by 50 points, writes Dai Hayward,

Falling interest rates, a weaker dollar and a substan-tial drop in inflation helped-fuel demand.



Girobank announces that

with effect from

close of business

on 18 July 1988

its Base Rate was

increased from 10% to

10.5% per annum.

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Coutts & Co. announce that their Base Rate is increased from 10.00% to 10.50% per annum with effect from the 18th July 1988 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Courts Base Rate will be varied accordingly.



### FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JULY 18 1988					FR	DAY JULY 1	5 1988	DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)	
Australia (89).  Austria (16)  Beiglum (63).  Canada (129)  Denmark (39).  Finiand (26).  France (129)  West Germany (100).  Hong Kong (46).  Ireland (18).  Italy (102).  Japan (456).  Malaysia (36).  Mexico (13).  Netherland (38).  New Zealand (21).  Norway (25).  Singapore (26).  South Africa (60).  Spain (43).  Sweden (35).  Switzerland (55).  United Kingdom (325).	84.95 112.41 126.80 123.61 128.69 90.54 75.21 159.84 138.54 70.27 159.83 102.49 79.69 118.83 130.15 125.31 146.54 116.10 78.59	+1.7 +0.54 +0.54 +0.54 +0.54 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +0.55 +	131.19 75.44 99.82 112.60 109.77 114.28 80.41 66.79 97.54 123.03 62.40 141.82 130.12 105.52 115.58 111.28 130.14 103.10 69.79 114.33 98.01	124.01 82.92 110.19 111.05 120.62 120.08 90.08 73.59 110.22 136.46 73.11 135.98 155.66 399.56 99.29 65.16 94.48 123.16 94.48 138.22 110.90 76.13 114.33 114.33	3.59 2.51 4.58 3.02 2.41 1.43 3.60 2.15 3.48 2.15 0.52 2.36 4.66 5.48 2.11 4.55 2.25 2.25 3.25 3.25 3.25 3.25 3.25 3	145.31 84.98 112.98 127.31 124.42 128.33 92.29 75.54 111.08 138.43 69.04 160.59 151.58 160.47 102.94 77.96 118.42 128.35 125.90 147.26 115.94 78.59 129.13 110.94	129.51 75.74 100.69 113.47 110.89 114.38 82.25 67.32 99.00 123.37 61.53 143.13 135.10 143.02 91.74 69.48 105.54 114.39 112.20 131.24 103.33 70.05 115.05 98.87	122.31 82.78 110.47 111.69 120.79 119.10 91.57 73.67 111.40 137.29 153.16 401.16 99.30 64.09 109.66 121.10 95.06 138.56 110.49 75.74 115.08	150.35 98.18 139.89 128.91 132.72 139.53 99.62 80.79 111.86 141.54 117.27 153.27 180.07 110.66 84.05 132.23 130.15 139.07 164.47 125.50 86.75 141.18	91.16 83.72 99.14 107.06 111.42 106.78 84.90 104.60 62.99 133.61 107.83 90.07 95.23 64.42 98.55 97.99 118.10 130.73 96.92 75.60 123.09 99.19	147.19 97.02 125.53 138.23 112.96 106.64 99.17 135.36 142.12 97.58 127.05 185.61 301.54 127.41 109.30 151.58 163.35 177.15 128.90 119.31 102.81 157.35 127.35	
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116.01

With effect from the close of business on Monday 18th July 1988 and until further notice, TSB Base rate is increased from 10.00% p.a. to 10.50% p.a.

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